

business is merging
business. Successfully.

CONTINENTAL SELLING PRICES: AUSTRIA S.15; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.3.5; GERMANY DM2.0; ITALY L.1.95; NETHERLANDS Fl.2.0; NORWAY Kr.2.5; PORTUGAL Esc.20; SPAIN Ptas.40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.0; YRE 12p

NEWS SUMMARY

BUSINESS

Equities fall 4.2; gilts uneasy

● GILTS lost further ground as concern about inflation and interest rates discouraged stock market buying. The FT Government Securities Index slipped 0.23 to 66.60 for a fall of 1.20 over the past three trading days.

● EQUITIES were also easier, the FT 30-Share Index closing at the day's lowest of 444.3, down 4.2.

● STERLING gained 1 point against the dollar to close at \$1.7201, but its trade-weighted index fell to 60.8 (60.9). Dollar's trade-weighted depreciation widened to 1.90 (1.87) per cent.

● U.S. TREASURY bill rates at this week's auction: three 5.21 (5.163), six 5.43 (5.356) per cent.

● U.S. SECURITIES and Exchange Commission has taken stock option markets to freeze their expansion plans. Page 20

● U.S. ECONOMY will grow more slowly in the second half of this year, but should expand at a healthy rate next year, according to Mr. Charles Schultz, chairman of the Council of Economic Advisors. Page 6

injuries pension

Department of Health is up to date possible means to ensure that children are able to compensation for their. Final details of the will not be known until government has received a commission report on compensation for personal injury.

boils threat

Action against the Birmingham education authority was used by Shirley Williams, Secretary for Education, over authority's resistance to its voluntary grammar in a fully comprehensive. Page 8

move fails

Attempt to change the law on sexual assault failed in Commons. The move by MP Mr. Jack Ashley, who led about light sentences cases, would have given prosecution the right of a sentence.

their protest

Armed demonstrators in the Tower Hotel, and question him about last year's. Brigadier Visser refused questions and the raters were escorted hotel by security men.

ion defended

Police authority has its decision to approve rights for Mr. Thomas (50), found guilty of m at Cardiff. Crown authority's director of illings.

h toll denial

Ministry of Information denied claims that 750 soldiers and destroyed aircraft in fighting in town of Dire Dawa.

including two doctors

... have been convicted of a conspiracy charges. Police action in March led to more than 120 alleged drug offences.

Legal Coal Board is

ing under Trent Vale. Trent after more than 12 months in the past 5. Page 9

rist field hospital has

scared by police in Belfast. Medical equipment worth thousands were found in an flat in the Loyalist area.

Mackintosh, Labour MP

ick and East Lothian, taken to hospital suffer a respiratory illness.

id died after being over-

tumes while working on and loading buoy in's Brent oil field.

'Not easy' to keep 12-month rule

TUC leaders not to give general guidance on pay

BY ALAN PIKE, LABOUR STAFF

The TUC economic committee yesterday declined to give either general or specific guidance on the level of settlements in the next pay round, merely "noting" the Government's view that increases in earnings should be held below 10 per cent in the coming year.

The TUC came in a statement which constituted the formal part of the way between the unions and Government over how pay policy should progress after Phase Two expires at the end of this month.

Yesterday's lengthy statement from the economic committee, which will go before the general council next week and to the annual congress in September, represents the best the TUC would offer to the Government in following appeals by Ministers for backing another clear pay norm.

It once more attaches the greatest importance to holding the line against breaches of the rule that there must be a 12-month gap between pay awards, although Mr. Len Murray, general secretary, admitted yesterday that it would "not be easy" to maintain the rule.

The committee argues that many strains have developed during the past two years of wage restraint which can be relieved only through voluntary collective bargaining.

But negotiators are warned against adding to inflationary

Muzorewa and Sithole adamant on black rule

BY TONY HAWKINS

THE TWO moderate nationalist leaders - whose participation in an internal Rhodesian settlement is a condition of any agreement they do not include black majority rule.

Bishop Muzorewa, leader of the United African National Council, fresh from his triumphant return to Salisbury at the week-end when more than 100,000 people turned out to welcome him, said he would not participate in the broad-based interim Government planned by Mr. Ian Smith, the Rhodesian Prime Minister.

The Rev. Sithole, leader of the African National Council, said he would refuse to join any such administration and that any Black nationalist who did would be rightly considered a puppet.

Mr. Sithole added that he really did not know what the Prime Minister hoped to achieve by the general election, planned for August 31, and feared it was "just another delaying tactic."

The bishop said: "I'm sorry, he is doomed from the start. Such an agreement would not be respected or honoured outside the country, nor by the masses that represent within Rhodesia."

Both men said they still believed that the Anglo-American initiative was the best way forward. Neither man would agree to participate in the broadly based Government that the Rhodesian leader had promised, and both made it very clear indeed that they were interested only in a transfer of power to one man, one vote constitution.

French shipyards are offered subsidies in regrouping plan

BY DAVID CURRY

THE FRENCH Government is putting the final touches to a scheme under which it will subsidise the purchase of vessels from French shipyards in return for a regrouping of the industry.

The plan, which is opposed by parts of the industry, was discussed yesterday between the Ministers concerned and could receive formal approval at tomorrow's meeting of the Government.

The main innovation would be a Fr.1.5bn. (£120m.) fund to provide subsidies equivalent to half the difference between prices tendered by a French yard and those obtainable on the world market. This would be available essentially for Third World buyers but would apply also to orders by French customers for high-value vessels like container ships and liquid gas carriers.

In addition, the Government is studying how it can assist the purchase of French vessels by developing countries. It is expected to decide on aid equivalent to around 15 per cent of the cost of the ship across the year, deliveries will be around 1.25m. dwt.

Dollar rallies after new low

BY MICHAEL BLANDEN

THE DOLLAR, under continuing pressure in the foreign exchange markets yesterday, touched a new low point against the West German Mark, but recovered later in the day.

Reacting to the recent depreciation of the dollar, the German Bundesbank was reported as regarding the weakness of the U.S. currency to have been overdone.

The U.S. currency touched a low of DM22.90 before picking up to end the day's trading at DM23.70, slightly above Monday's level of DM23.60. It also recovered later against the Japanese yen, ending at ¥283.93 against ¥283.50 on the previous day.

In London, the Bank of England maintained its policy of intervening in the market to hold the pound steady against the dollar, building up the foreign exchange reserves on producing a fall in the value of sterling compared with other leading currencies.

The Bank was thought to have sold sterling to meet demand which developed in the afternoon, leaving the pound at £7201, just a point up on the day. The index of the pound's value on the basis of the Washington currency agreement, however, slipped again to 60.8 from 60.9.

Activity in the market was reported to be less hectic than on Monday, and the dollar recovered generally later in the day. Nevertheless, the earlier pressure continued a trend evident since the beginning of this month.

The fall in the dollar against most other leading currencies, and particularly the strong units such as the D-Mark, the yen and the Swiss franc, has reflected both concern over the mounting U.S. trade deficit and the continued, relatively low level of U.S. interest rates.

On the other side, the yen has gained from the continuing improvement in the Japanese trade position, underlined yesterday by the news of a record \$6.6bn. surplus in the first half of this year.

It has appeared, moreover, that the U.S. authorities have been willing to improve the country's competitiveness. In this situation, there has been little significant official intervention to prevent the slide.

British Steel chief warns of rising loss

BY ROY HODSON

THE STATE-OWNED British Steel Corporation is facing the worst crisis in its ten-year history. The annual report yesterday showed losses after tax of £25m, for 1976-77, compared with £25m losses in 1975-76, and its chairman took the unusual step of forecasting that the losses would rise substantially and might even be £250m. for the current year.

While expected to lose between £50m. and £100m. during the three years 1975-76, the corporation will be continuing to invest in new plant at a rate of some £80m. a year in the biggest capital spending programme for steel ever seen in Britain.

British Steel is now so short of money that the report of the auditors, Coopers and Lybrand, is based "on the assumption that the corporation will obtain the necessary increases in its present borrowing limits to cover its future finance requirements."

A draft order has been laid before Parliament by Mr. Eric Varley, the Industry Secretary, for the borrowing limit to be raised.

Worry

The new steel plant coming on stream in the next three years will raise the corporation's steel-making capacity to 26m. liquid tonnes a year. But the management can only foresee a market capable of taking 20m. tonnes a year. To break even it needs a market for 24m. tonnes annually.

Sir Charles Villiers, the chairman, voiced the corporation's worry about an explosion of wages or energy costs during the coming winter. "I must grimly warn you that such an explosion would price BSC out of its markets and expose its defenceless to the foreign competition."

Japan's trade surplus Page 4

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PRICE CHANGES YESTERDAY

100 lb. flour	72 + 6
100 lb. sugar	76 + 6
(A) 85 + 25	
(B) 85 + 6	
Laundries	7 + 3/4
U.K.	190 + 22
Cons.	151 + 7
Id	180 + 8
tein	196 + 15
238 + 13	
227 + 1	
Tate & Lyle	140 + 5
162 + 6	
Whitbread A	137 + 11

FALLS

95% 1980	2977 - 1
12 1/2% 1981	2104 - 1

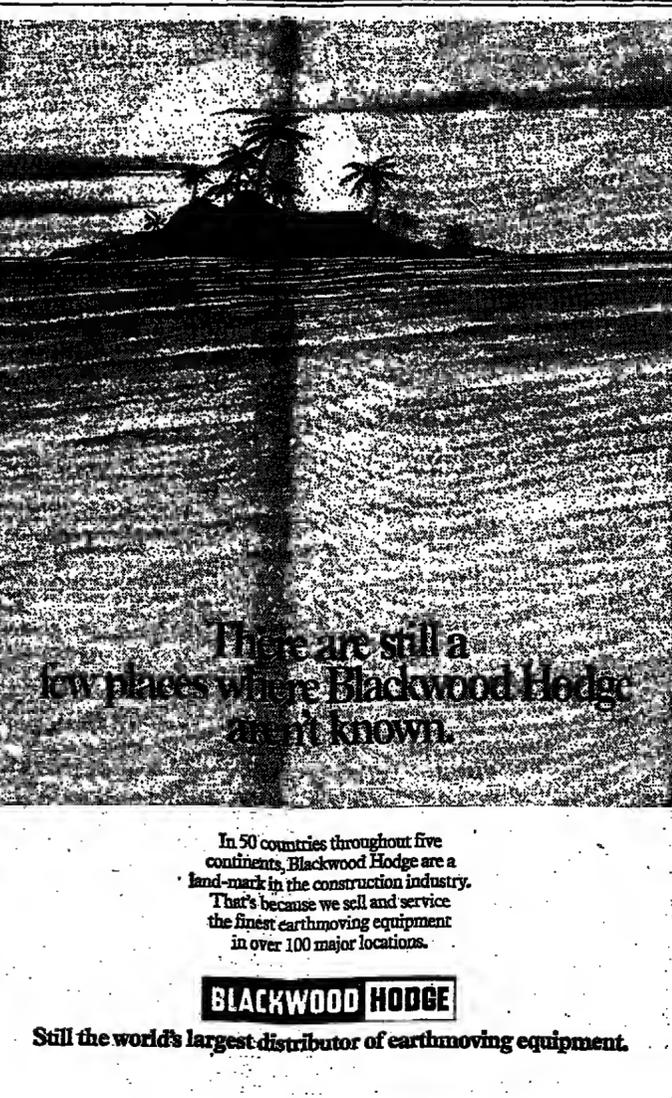
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For latest Share Index phone 01-246 8026



The plight of New Zealand

BY JOHN CHERRINGTON

MR. BRIAN TALBOYS, New Zealand's Deputy Premier, has spent a few days recently visiting the Common Market and various European capitals in an attempt to soften the impact of the Community's Agricultural Policy on the New Zealand's traditional exports of dairy products and meat to European markets. He was following the path taken by Mr. Malcolm Fraser, Australian Premier, who has been demanding some alleviation of the increasing Community barriers against Australia's food exports.

Extinction

Mr. Talboys' immediate concern is to secure an increase in the price received by New Zealand dairy exporters through a reduction in the levy on New Zealand butter. He has been claiming a 25 per cent. cut to make up for increased costs and the Community has offered 10 per cent.; a decision has now been postponed until late September. The EEC's position is that there is already a butter surplus of about 250,000 tonnes, more than double the New Zealand quota, and that the most logical step would be to prepare for a complete extinction of the New Zealand quota after it runs out in 1980.

Of more immediate concern is the possible loss of the New Zealand cheese quota of 15,000 tonnes and the effects of a sheep regulation (there is none at present in the Community), which could place still more restrictions on the import into this country of New Zealand lamb. Beef is now almost completely excluded.

The reasons for Mr. Talboys' anxieties are twofold. The diversification of New Zealand's traditional exports to other markets has, in spite of a great deal of effort, largely failed; while the country's payment situation is in chronic deficit and likely to remain so for the foreseeable future. Diversification has not succeeded because the weather conditions in Western Europe, the United States, Canada, and elsewhere have systems for protecting their own farmers and restrict imports to marginal supplies. The Latin American, Pacific and Asian countries do not have either the money or the appetite for New Zealand's exports of food. Japan and Russia have both been heavy purchasers of meat on occasion, but neither look like being long term regular customers, and they know a buyer's market when they see one. On the payments side the pros-

GARDENS TO-DAY

BY ROBIN LANE FOX

Underground answer for difficult flowers

THERE IS one class of plants which has always struck me as impossible to please. How can you plant something in full sun, but in soil which never dries out and is never allowed to become too boggy? The instruction is not opportune, as we slip unnoticed into a second year of drought. It last rained in my garden month ago. Even the modern Musk roses, which are more or less hanging their heads. So how can I be concerned with plants which insist on damp and sunshine at the same time? They happen, of course, to be among the prettiest flowers. I think here of the glorious Venus's Fishing Rod (*Dierama pulcherrimum*) whose arching stems of pink-mauve flowers are now the distinction of West Country gardens. This is a plant which every damp and sunny garden would be able to contain. It is a grassy leaves occupy a small space and grow best when placed informally in a border. I have persuaded myself that these plants are best grown from seed, which is sold by Thompson and Morgan, London Road, Ipswich. They do not like to be disturbed as their roots are labyrinthine.

Same tastes

From seed, which germinates easily, they move well into pots and can be taken on to the next stage without disaster. About two or three feet high, they will later seed themselves among stones, edging plants or rock beds. They are so elegant that you should try them if only you can keep them damp.

Saccone and Speed will sponsor country sports

A bold competition involving three sports is being sponsored by Saccone and Speed, the wine and spirits offshoot of Courage, the brewers. The event will take place in a series of three country parks on the Duke of Wellington's estate at Stratfield Saye, Reading. This is the first major sponsorship by the company. It follows a pattern which has developed recently in encouraging some of the lesser-known sports. Mr. Michael Cottrell, chairman and managing director of Saccone and Speed, would say yesterday how much money the company is putting up. The event on October 16 will embrace riding, 2,000 metres across country, clay pigeon shooting, fly casting, and a driving test involving manoeuvring a vehicle and horse over a cross country.

GOLF

BY ROGER PAUL

Downes joins walking wounded—and wins

FOR A supposedly healthy sport golf produces an extraordinary number of walking wounded. Most experienced players accept the sight of an opponent rubbing a bad back, clutching a sore ankle or simply favouring an ankle with a mixture of sympathy and cynicism. Yesterday, in the English amateur championship at Walton Heath, Paul Downes, the 6th seeded English international from Coventry, added to this long history when, after nearly conceding the match on the 8th tee because he felt too ill to go on, he walked off the 15th green a four and three winner over Michael Williamson of Stokeley Wood. Downes, only 17, and completely dedicated to the game, lives his life of blameless virtue; his only vice, if such it can be called, being the eating of big breakfasts. This, just possibly, could have been the cause of his difficulties yesterday, although the two golfing doctors who examined him, Dr. George Moore, the immediate past President of the English Golf Union, and Dr. David Marsh, an English doctor, were unable to determine the problem exactly. Dr. Moore, who saw Downes on the course, thought it might be a muscular reaction and proffered the not unfamiliar advice of rest and two aspirin, but he also told Downes that he would have to press on—play must be continuous, says the relevant advice—when the Coventry golfer asked if he could stop for a moment. The first pains came on the 6th tee when Downes, who reached the last eight of this championship when only 14, was with Peter Langrish-Smith already three up. In seconds I could hardly swing the club, said Downes afterwards. "It was a desperate situation and I took hundreds of the 6th and 7th. It was like playing putts—like I was just hunting along." Williamson won both holes before he and his caddy took sympathy on the struggling youngster. First the caddy added Downes's clubs to his burden and then Williamson first of all hooked badly off the 8th too to allow his opponent a half in and then he compounded the error, by offering Downes some glucose tablets. Whether they worked or not, said Downes, "I started feeling better around the ninth" and to "prove" it, he won the hole and then he compounded the error, by offering Downes some glucose tablets. Whether they worked or not, said Downes, "I started feeling better around the ninth" and to "prove" it, he won the hole and then he compounded the error, by offering Downes some glucose tablets.

RACING

BY DOMINIC WIGAN

Johnson faces a double stint

FOLLOWING the news that Francois Mathet will be represented by both Crystal Palace and Exceiler in the King George VI and Queen Elizabeth Diamond Stakes, and that Brent will probably side-step the Ascot race in preference for the Goodwood Cup, it now seems almost certain that this week's big prize will again go abroad. At present only Orange Bay, a 16-to-1 chance and the 50-to-1 outsiders, Norfolk Air and the Stakes, and that Brent will probably side-step the Ascot race in preference for the Goodwood Cup, it now seems almost certain that this week's big prize will again go abroad. At present only Orange Bay, a 16-to-1 chance and the 50-to-1 outsiders, Norfolk Air and the Stakes, and that Brent will probably side-step the Ascot race in preference for the Goodwood Cup, it now seems almost certain that this week's big prize will again go abroad.

Tote heading for a profits double

PROFITS OF the Horserace Totalisator Board, the Government-owned betting operation, were £567,000 in the March-to-June trading period, against the £313,000 achieved in the same period last year. Profits for the full year ending March, 1978, should be over £1m, according to Mr. Woodrow Wyatt, chairman of the Board. The record has stood at £581,000 since 1973-74. The Board hopes to double it, as well as paying a very much heavier levy to the Government. In 1972-73, the levy was £75,000. Last year's contribution was £236,000. The improvement comes after a difficult 1976-77 when the bookmaking side of the Tote sustained heavy losses in the first quarter. Theft by staff was very heavy. A new administrative system spearheaded by Mr. Bill Balshaw, former William Hill chairman, who introduced new checks at betting shops, has put that right. Profitability of Tote betting shops is now fully comparable with that of other bookmakers. The "transmission money" system, an expensive way of getting Tote money into racecourse pool, has been eliminated. Operating expenses have been cut by the sale of the Road offices as a profit of £1m. Previously the Tote two major sets of office buildings, a profit of £1m.

TV Radio

- BBC 1
Indicates programme in black and white.
6.40 a.m. Open University (UHF only). 1.15 p.m. News. 1.30 p.m. News. 4.18 Regional News (except London). 4.30 Play School. 4.45 Rent-a-Roo. 5.15 Newsround Weekly. 5.25 Ludwig. 5.40 News. 5.55 Nationwide (London and South-East only). 6.20 Nationwide. 6.40 News at Seven, starring William Hartnell, Bob Monkhouse, and Dora Bryan. 6.00 It Ain't Half Hot Mum.

F.T. CROSSWORD PUZZLE No. 3435

1 2 3 4 5 6 7 8
9 10 11 12 13 14 15 16
17 18 19 20 21 22 23 24
25 26 27 28 29 30

- ACROSS
1 Root of comparative insanity
2 Companion in the money associated with China (6)
3 Transport operating on the racecourse (4)
4 A solemn fellow has a date with a cricketer (10)
5 A bird needs pace for a rag-dance (6)
6 Taster produces letter of thanks (6)
7 Find out when the record is finished (8)
8 Not made by those whom the gods love (3, 5)
9 What we own in the Church of England as a line of conduct (6)
10 Harasses people in the midst of wrongs (6)
11 Suit produced by male skills (6)
12 DOWN
1 Inclined doctor takes the road with a worker (7)
2 Nonconformist makes Norfolk town register (9)
3 Queen of Carthage sees the priest take up an animal (6)
5 I managed in the country (4)

LONDON

- 9.30 a.m. Summer School 10.15 Mystery Movie: The Enemy
11.25 Sinfonia 11.40 Concert 12.30 The Adventurer of Rupert Bear
12.10 p.m. Pipkins 12.30 Tell Me Another
1.30 News 1.50 Meet Betty Boop
2.30 News 2.50 Goode Afternoon 2.25 Whelkers World 2.30 Marcus Welby, MD 4.20 Shangri-Lang 4.45 You Must Be Joking 5.15 The Flintstones
5.45 News
6.35 Crossroads
7.30 The Dick Van Dyke Show
7.30 Coronation Street

SALE ROOM

BY ANTONY THORNCROFT

£86,000 for antique weapons as season enters last lap

THE LONDON sale room season has entered its last lap (although this year it is extending unusually into August), and the auctions are less distinguished than in previous years. There were three Christie's yesterday—musical instruments and manuscripts, English drawings and watercolours, and Japanese works of art. The musical sale brought in £32,487. A pair of kettle drums made for the Castlemartin Yeomanry, around 1833, sold for £1,000 to the trustees of the local Pembrokehire Yeomanry, but the top price was the £5,000 for a violin made by Jean Baptiste Vuillaume in Paris around 1840. A mid-19th century cello by George Cranko, fetched £1,750, and a lute in C by Gerock, made in London around 1810 realised £750. Among the drawings, a watercolour of Macaulay on a branch by Edward Detmold sold for £1,200, and a watercolour of Loch Katrine by George Robson went to McKinnon for £950. The sale totalled £40,628.



One of a rare pair of Kakeemon quadrangular jars sold for £11,000.

Handwritten signature or mark at the bottom right of the page.

RHODESIA: The Search for a Settlement

The men on whom Ian Smith has pinned his hopes...

REVEREND NDABANINGI SITHOLE:



... Once reviled by whites as the most extreme nationalist, now seen by some blacks as a 'has-been.'

SENATOR CHIEF CHIRAU:



... A former Cabinet Minister, branded by nationalists as an Uncle Tom, but now demanding one-man, one-vote.

BISHOP ABEL MUZOREWA:



... No military backing, but all the available evidence suggests that he commands majority support from Rhodesia's black population.

... and the chances for his success

arrangement and the promise of free elections, since to do so on an open-ended basis would be tantamount to political suicide.

The Bishop's strongest card is Mr. Sithole's awareness of the military and security situations are deteriorating and that the Patriotic Front is demanding surrender terms.

throughout 1975, though he led the nationalists to the Victoria Falls bridge in August that year.

Mr. Sithole, once reviled as the most extreme of the 'black' nationalist leaders (a reputation now held by Mr. Mugabe), is today seen as one of the two nationalists who might work with Mr. Smith for an internal settlement.

Tony Hawkins reports from Salisbury

gests that Bishop Abel Muzorewa, a 52-year-old United Methodist Church clergyman, commands majority support from Rhodesia's black population.

the country's African population. Mr. Ian Smith was urged to seek a mutually acceptable settlement with the bishop and in June, 1974, Mr. Smith claimed that an internal agreement had been reached by the two men.

When President Samora Machel of Mozambique closed the border with Rhodesia in March, 1975, the Bishop was photographed at his side. His reputation among white Rhodesians for extremism grew as he sharply attacked the settlement talks then in progress.

In 1970 he was 'deposed' by his party colleagues within ZANU, who replaced him with Mr. Mugabe. But when released from detention in 1974, he retained the effective leadership and joined the umbrella ANC in an uneasy alliance with Mr. Mugabe.

OTHER OVERSEAS NEWS

Wall posters herald return of Teng

BY A SPECIAL CORRESPONDENT PEKING, July 19

TWO UNOFFICIAL wall posters appeared in Peking today, warmly welcoming and strongly supporting a decision to appoint comrade Teng Hsiao-ping Vice-Chairman of the Chinese Communist Party.

Mr. Teng held all three posts until he was dismissed from office on April 7 last year. He was accused of engineering a counter-revolutionary incident in T'ien An Men Square in which 'voluntarily' broke out in the capital.



Teng Hsiao-ping

SOUTH AFRICA

Pact with black union scrapped

BY QUENTIN PEEL JOHANNESBURG, July 19.

THE FIRST British-owned company in South Africa to negotiate an agreement with a black trade union—the wholly-owned subsidiary of the Smith and Nephew pharmaceutical group—has decided to scrap the deal.

LAOS AND VIETNAM

Formal seal on dominance

BY RICHARD NATIONS IN BANGKOK AND DAVID HOUSE IN LONDON

VIETNAM'S DOMINATING influence over Laos has been solidified under three treaties signed in Vientiane, the Laotian capital.

Japan trade surplus soars in June

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, July 19.

JAPAN'S BALANCE of payments surplus in June was \$700m, almost double the May level, it was announced today.

IMATRAN VOIMA OSAKEYHTIÖ (a Finnish Corporation) 25,000,000 European Units of Account 8 1/2% 1977-1987 Guaranteed Bonds. Unconditionally guaranteed by the Republic of Finland. Includes a list of banks and financial institutions.

Vertical text on the right edge: ROPEAN... ch coalit... ies seek... code acco... claims agree... ish Governme... move to tie pri... cost increases... boosts overdr... ents may be relea...

EUROPEAN NEWS

French coalition parties seek poll code accord

BY DAVID CURRY PARIS, July 19.

THE FIRST cautious steps towards declaring a pre-electoral truce between the warring parties of the ruling French coalition were taken today when, with one exception, party leaders met to discuss drawing up a code of conduct to govern their behaviour during the general election campaign next March. The meeting took place with the blessing, but in the absence of the Prime Minister, M. Raymond Barre, who made clear that while the political parties should work out the procedural approach to the campaign, he himself expected to play a leading role in formulating the programme to which the majority would face the electorate. He says he will call a meeting to discuss policy in September. In a letter to M. Jacques Chirac, the Gaullist leader, he also called for a "code of conduct" pact to be drawn up. M. Chirac has been the main thorn in the Government's flesh since he resigned from the premiership in August, and most recently defeated the Government's candidate for the mayoralty of Paris and unsuccessfully challenged its Bill to ratify agreement to hold direct elections to the European Parliament. M. Barre took no side in the most difficult problem facing the coalition parties—whether they would try to agree on single coalition candidates for the first round of the two-tier system of voting or whether they would treat the first round as a "primary" contest between them and agree to back the strongest survivor in the run-off.

Demirel claims agreement on Turkish Government

BY METIN MUNIR ANKARA, July 19.

MR. SULEYMAN Demirel, the Turkish Prime Minister designate, announced here this evening that he has reached agreement with leaders of two small right-wing parties to form a tripartite coalition. He expected to report success to President Fahri Koruturk to-morrow morning and submit to him his Cabinet by the evening. "Agreement has been reached on the structure of the Government," said Mr. Demirel, meaning that the difficult problem of dividing up the Cabinet seats among the three parties had been resolved. He did not say, however, how the seats had been distributed. "The structure has been completed," said Mr. Demirel. "Now the thing to be done is to fill the Cabinet seats." He thought that the Cabinet would be ready by to-morrow evening. Mr. Demirel made this statement after a 45 minute meeting with Mr. Necmettin Erbakan, chairman of the Islamic National Salvation Party and his principle coalition ally. Reuter adds: If, as expected, the President approves the list, Mr. Demirel will become Prime Minister again, pending a vote of confidence which his alliance is expected to win. Mr. Demirel, who presided over a shaky coalition until inconclusive elections last month, left the Premier's office on June 21. He was replaced by Social Democrat leader Rulfat Ecevit, head of the biggest party in Parliament. But Mr. Ecevit called at his first attempt to gain a vote of confidence.

Suarez move to tie price rises to cost increases

BY ROGER MATTHEWS MADRID, July 19.

THE SPANISH GOVERNMENT today made its first tentative effort to try to control the spiralling level of inflation, running at a rate equivalent to 27 per cent a year. With last week's 20 per cent devaluation of the peseta about to make its initial impact on prices, the Government has decreed that for the next three months price increases on all goods and services not already subject to special controls should not exceed more than the increased costs of production. Extra price inspectors are being recruited in an effort to make the policy stick, but the relatively vague wording of the controls and the difficulty of deciding what precise role production costs play in setting prices do not hold out much hope that it will have any more than a marginal effect on inflation. The consumer is expected to feel the first effect of the devaluation to-morrow with a substantial rise in the cost of petrol and other fuels. The increase in the prices of industrial fuels is likely to be smaller in an effort to limit the effect on companies, many of which are already facing serious liquidity problems. The Government has postponed until Saturday its Cabinet meeting scheduled for to-morrow, when it is expected to take a formal decision on an application to join the Common Market. Economic Ministers are also seeking to arrive at agreement on detailed packages of measures to supplement the devaluation decision. All the indications are that more dramatic and effective action on prices and employment will have to be taken if there is to be any hope of winning the at least tacit support of the main unions. The Communist-dominated Workers Commissions, one of the two leading unions, has appealed for a joint workers' organisation to confront the Government.

Belgium boosts overdraft

BY DAVID BUCHAN BRUSSELS, July 19.

IN A MOVE to keep the cost of its growing public sector borrowing down, the Tiodemaos government has got its overdraft facility with the Belgian National Bank raised from B.Frs.20.5bn. (£33m.) to B.Frs.37bn. This latest increase in the overdraft facility—renewed every three years—nearly doubles it, and coincides with a public spending deficit likely to be more than B.Frs.60bn. on current account alone this year. Last month, the OECD expressed concern that Belgian public borrowing last year amounted to 7 per cent of GNP, and that interest on this totalled the nearly 4 per cent of GNP. The Government pays only about 3 per cent on its National Bank overdraft, much less than for money market borrowings or regular long-term bond issues. Even though the Government briefly now has more financial elbow room, the increase in its overdraft ceiling is unlikely to bring interest rates down from the plateau where they have stuck since the start of the year—if only because at a time of renewed monetary speculation in and outside the currency snake, Belgium is determined to keep the Belgian Franc within reach of its two stronger snake partners, Germany and the Netherlands.

Polish dissidents may be released

BY CHRISTOPHER BOBINSKI WARSAW, July 19.

THE POLISH authorities today announced a "National Day amnesty" which could mean the release in the near future of nine Workers' Defence Committee members and sympathisers arrested last May and held for questioning since then. The amnesty frees offenders sentenced to prison terms of up to one year, and in special cases up to three years. It also provides for the discontinuance of investigation in cases where the offence merits two years in prison, and in special cases a sentence up to three years. But a clause in the decree which might free the nine, whose alleged offence could mean up to three years' jail, but who are out in one of the special categories, says: "Should other special circumstances warrant it then the Prosecutor General may order such a discontinuance."

EEC BUDGET

Tugendhat silent on U.K. payment

BY DAVID BUCHAN

BRUSSELS, July 19.

ENERGY conservation, industrial policy and food aid are among the areas of EEC expenditure that the EEC Council of Ministers is expected to prune in the 1978 budget. Mr. Christopher Tugendhat, the Budget Commissioner, said today. He was defending, in front of the Press, the Commission's budget proposals, which called for an overall 22 per cent increase to 12.5bn. European units of account (E2.2bn.), before joining battle with national budget Ministers to-morrow. But not a word could be drawn from the former Tory Member of Parliament on the crucial dispute over Britain's budget contribution in 1978 and 1979. What Mr. Tugendhat called this "difficult and delicate problem" has arisen because the 1978 budget has for the first time been calculated in the new basket currency unit, the European unit of account. Reflecting the current value of sterling, this means a rise in the U.K. sterling contribution to the EEC budget. By how much it should rise is a matter of sharp dispute between the U.K. and West Germany; British Ministers have put the cost to the U.K. of the West German interpretation at £470m. over two years. Clearly anxious not to muddy the waters further in public, Mr. Tugendhat said he hoped that Ministers to-morrow would agree to set aside the U.K. contribution issue for the moment, and merely establish the budget in EUAs so that it could go on in that form to the European Parliament in the autumn. The Commissioner said that the broad issue before national governments was "putting your money where your mouth is." To make his point he cited statements from EEC heads of government meetings in the past year calling for action on unemployment, social and regional policy.

U.K. ice-cream makers accused on labelling

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

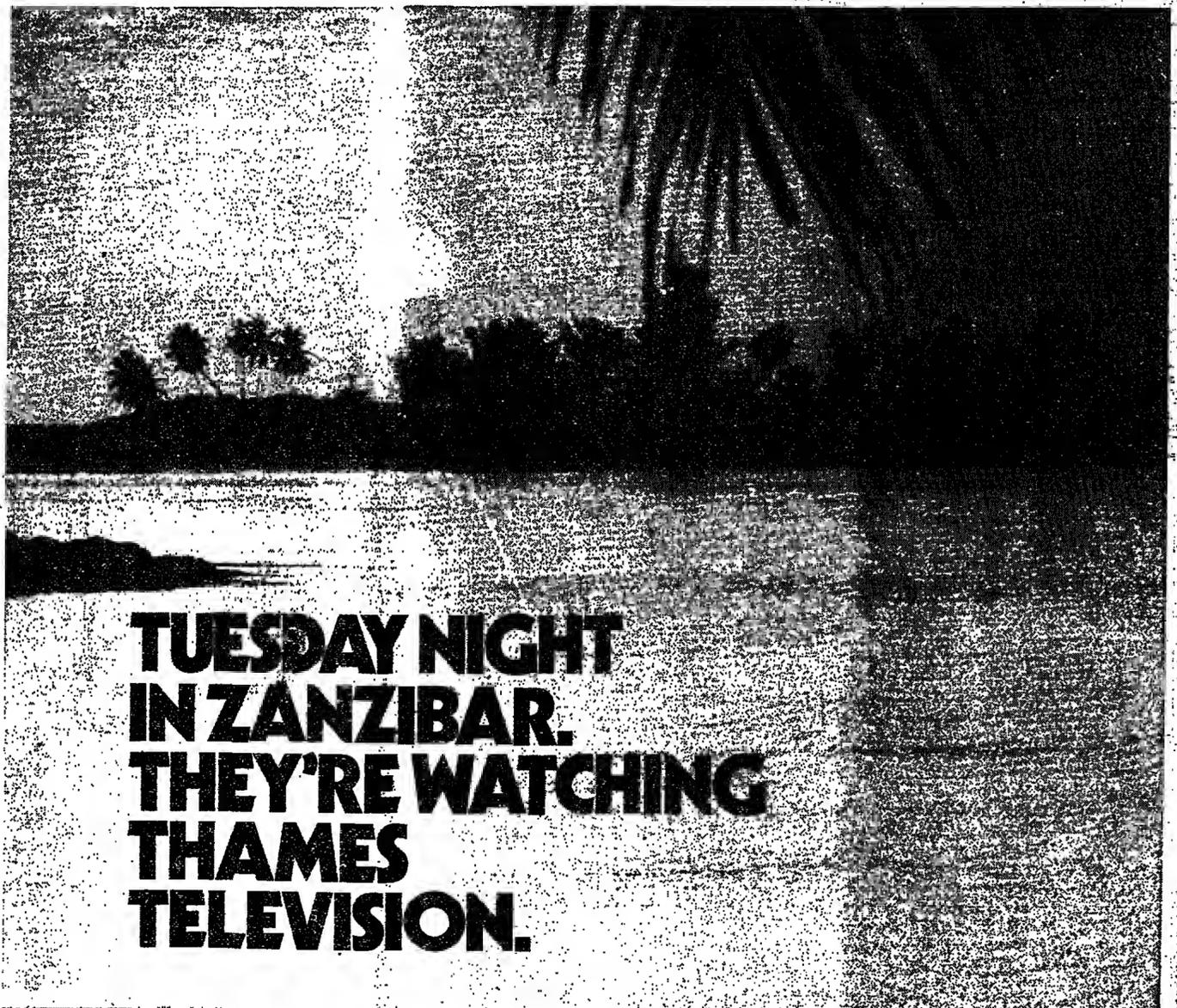
BRUSSELS, July 19.

BRITISH ice-cream manufacturers were accused today by Mr. Gavin Strang, Parliamentary Under-Secretary at the Ministry of Agriculture, of making inaccurate and misleading statements about the effects of revised EEC proposals for the labelling of ice-cream sold in the U.K. Mr. Strang said he found it incredible that any responsible figure in the commercial world could make statements of the kind attributed to prominent spokesmen for the British ice-cream industry in recent Press reports. In several angry outbursts, industry representatives have attacked the labelling proposals as a "trick to deceive U.K. consumers," and have charged that they would cost British ice-cream buyers as much as £4m. a year. Mr. Strang said that there would be no price increase under a formula agreed in principle at the meeting to-day of EEC Agriculture Ministers here. It was "by all reasonable tests a sensible arrangement" which would enable buyers to distinguish more clearly between different types of ice-cream, while requiring only minor changes to the labelling rules now in force. He added that the ministers had also provisionally agreed that the EEC should supply butter at 25 per cent below current market costs to British manufacturers making ice-cream from all-dairy products. This would be likely to result in lower, not higher, prices for such ice-cream. Final approval of the proposals, which allow all products now sold as ice-cream to continue to bear the name, was expected after the ministers had reached agreement on a broader package of labelling directives. The provisional formula, which amends slightly a compromise plan proposed by the EEC Commission last week, would require ice-cream made entirely from dairy fats to be called "dairy ice-cream," as it is under the present British rules.

Andreotti backing for France's stand on EEC enlargement

BY OUR OWN CORRESPONDENT PARIS, July 19.

THE RECENT rapprochement of French and Italian views about the enlargement of the Common Market appears to be confirmed during the two-day visit to Paris of the Italian Prime Minister, Sig. Giulio Andreotti. The French have been anxious to find allies in their insistence that adequate protection for their own southern farmers must be sought through the Common Agricultural Policy as a condition for agreeing to the entry of the three Mediterranean producers—Greece, Spain and Portugal. Italy seemed the natural ally but French complaints about cheap Italian imports into France, notably of wine, and Italy's complaints about her trade imbalance in favour of France have soured relations. In addition, Rome has been tempted to see enlargement of the EEC as a way of reinforcing the influence of Mediterranean food producers within the CAP in competition with northern temperate zone farmers. Both countries recognise the strategic importance of putting out the welcome mat for the three new southern European democracies. Community affairs, including the renewal of the Regional Fund (France and Italy are both seeking enlarged quotas) figured largely in talks between Mr. Andreotti and the French Prime Minister, M. Raymond Barre. They agreed on the need for adequate protection of their own producers in preparation for EEC enlargement. The French were also anxious to hear Mr. Andreotti's interpretation of the Six-party pact, recently signed, which gives his Government Communist support. President Giscard d'Estaing of France sees the possibility himself of having to call upon a Socialist-Communist government after next March's general election and he knows that evidence of responsible Communist action in Italy will be used by the Left in France to illustrate the trustworthiness of Euro-Communists. The French President has not concealed his belief that the French Communists have done nothing much more profound than change electoral tactics. The Italian and French Governments are combining within an EEC framework to explore if a political framework can be designed to assist in guaranteeing the neutrality of Malta after British forces leave the Mediterranean island in 1979, writes Dominick J. Coyle in Rome.



TUESDAY NIGHT IN ZANZIBAR. THEY'RE WATCHING THAMES TELEVISION.

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AMERICAN NEWS

Steel industry 'unsound in long term'

By Stewart Fleming

NEW YORK, July 19. IN A study of the U.S. and Japanese steel industry, the largest U.S. brokerage house, Merrill Lynch, Pierces, Fenners and Smith, has concluded that the U.S. steel industry "is not sound over the long term."

The study, which is highly critical of U.S. Government policy towards companies, firmly rejects allegations which have been made by the industry that unfair competition and dumping account for the increasing share of the U.S. steel market being won by Japanese imports.

Instead the report, written by Mr. Charles Bradford, a Merrill Lynch vice-president, concludes that in spite of cost disadvantages resulting from dollar devaluations and rising costs faced by Japanese producers, the Japanese steel industry is able to export to the U.S. at highly competitive prices because of much higher productivity of labour and capital. This reflects largely inadequate capital investment in modern facilities by U.S. steel companies and, in part, labour restrictive practices.

The report says that "the Japanese steel companies are much more efficient than their U.S. competitors and that advantage seems to be increasing. Direct labour productivity in Japanese mills is about 50 per cent greater than the U.S. on tons per man per year basis."

The U.S. investment in new U.S. plants are competitive in productivity terms but "unfortunately, only one new medium sized mill has been built in the U.S. in the last 15 years, compared with eight giant mills in Japan."

The lack of capital investment in new facilities in the U.S. is attributed in part to low levels of profitability stemming from price controls. "The U.S. companies are faced with a Government that has, in effect, kept the industry under some sort of de facto price controls since 1962, Merrill Lynch says. This has inhibited profitability and return on assets and reduced investment incentive."

While the brokers suggest that "very little hope exists" for the U.S. steel industry to pull itself out of this low profit, low investment, low productivity cycle, they point to a number of factors which could help. They reject the steel industry's policy which is to argue for protection against imports on the grounds that this will only make the industry less efficient in the long run. Instead the report suggests that a number of changes are needed in passive steel prices from Government interference in order that companies can price their product to earn replacement costs.

Schultze expects slower growth in U.S. economy

By DAVID BELL

WASHINGTON, July 19

U.S. ECONOMIC growth will slow down in the second half of this year, but is likely to continue at a healthy rate all through 1978, Mr. Charles Schultze, chairman of the Council of Economic Advisers, said today.

But Mr. Schultze was less ebullient than earlier in the year. He said that business investment was still less than expected and that the rate of inflation and the trade deficit were higher than they should be, and predicted that retail sales would continue to be a little sluggish for the next few months.

On balance, however, Mr. Schultze said that strong demand for new houses, increased spending by the federal Government, a continuing increase in total employment, and the willingness of consumers to take on new debt would be enough to maintain about 5 per cent economic growth during the rest of this year and next year.

Mr. Schultze, taking note of recent comments about the economy, warned against reacting to "abort term wiggles" in its performance. But he said the Administration was "willing to recognise more fundamental departures from our expected growth path if they occur."

Mr. Schultze said that the rapid growth of the first quarter had continued through most of the second, whose Gross National Product figures—will be officially released on Thursday—will show an increase in real terms of between 6.5 and 7 per cent.

But he noted that retail sales, which had been one element behind this growth, "were relatively sluggish in the second quarter," apart from sales of new cars which had continued to increase. He said that as the savings rate, which has been abnormally low so far this year, returns to more usual levels "the rate of growth in personal consumption will be lower."

At the same time investment in inventory, another important ingredient in growth during the first half of the year, will slow down, he said, "there is no sign yet of a surge in new capital investment on the scale of the Administration would like to see. However Mr. Schultze noted that capacity utilisation is now edging up to around 83 per cent, and would soon reach the point where industry would be more inclined towards new long term investment."

Conceding that uncertainties about inflation and the energy programme may also have reduced new investment Mr. Schultze insisted that "a cessation of growth in investment spending appears to be inconsistent with both the strong economic growth we have been experiencing and the improvement in many indicators of investment plans that we have seen in recent months."

He argued that the North Vietnamese refused to believe that Congress was a stumbling block to the granting of reparations or reconstruction. The U.S. had submitted to Hanoi a 57-page document explaining U.S. constitutional provisions but the Vietnamese continued to believe that Congress was no more than a rubber stamp.

Kissinger: no promise to Hanoi

By JUREK MARTIN, U.S. EDITOR

WASHINGTON, July 19

DR. HENRY KISSINGER, the former Secretary of State, returned to Capitol Hill for the first time since he left office to take a Congressional committee that he had not undertaken secret agreements with North Vietnam, committing the U.S. to big reparations programme.

Dr. Kissinger had been asked to appear before a sub-committee of the House International Relations Committee by Congressman Lester Wolf of New York, who has expressed great interest in the letter from Mr. Richard Nixon, when he was president, Mr. Pham Van Dong, the Prime Minister of North Vietnam, which was delivered immediately after the signing of the Paris accords which took the U.S. out of the war.

But Dr. Kissinger said today that the letter was far from unconditional, was dependent on adherence to the Paris accords, and that the dollar figure mentioned was not an offer but a "planning figure"—which would form the basis of negotiations under the proposed joint U.S.-North Vietnam economic commission.

Dr. Kissinger, who today described negotiating with the North Vietnamese as great training in masochism, said that, at the time, he had made it perfectly clear to Mr. Le Duc Tho, the chief North Vietnamese delegate, that no aid could be forthcoming without Congressional approval. He said that, as soon as a specific commission had proceeded with its discussions, Congress would have been kept properly informed.

His argument was that the North Vietnamese refused to believe that Congress was a stumbling block to the granting of reparations or reconstruction. The U.S. had submitted to Hanoi a 57-page document explaining U.S. constitutional provisions but the Vietnamese continued to believe that Congress was no more than a rubber stamp.

Oar UN correspondent adds: Security Council members, in rare unanimity, today decided to recommend to the General Assembly, which meets in September, to admit Vietnam to membership of the UN. Previous separate applications by North and South Vietnam, and by the united "nation last November were vetoed by the U.S., which objected that inadequate information had been supplied by Hanoi about American missing in action in the Vietnam war.

Teamster link with criminals

By OUR OWN CORRESPONDENT

NEW YORK, July 19

DISCLOSING the preliminary findings of a 22-month investigation into the Teamsters Union's largest pension fund, the U.S. Government's Labour Department has revealed that money has been loaned to people connected with organised crime. This was stated yesterday by Labour Secretary Ray Marshall before a Senate subcommittee inquiring into the affairs of the \$1.4bn. Central States Pension Fund.

The Labour Department disclosed that one loan had been secured on gambling chips (notes in which gamblers promise to pay off their debts).

The information it is collecting is, however, being turned over to the Justice Department. Allegations that the Teamsters investigators have said they are investigating a number of specific figures involved in organised crime have circulated for some time. Earlier this year the Labour Department succeeded in replacing the Teamsters' control over Lansky.

TRADE unions began an illegal 24-hour general strike today, the largest organised protest against a government economic austerity programme which has provoked violence in many parts of Peru and left 13 people dead. The unions promoting the strike claimed that it would shut

down all banks, most factories, some transport systems and fishing. Political police have arrested Sr. Eduardo Castillo Sanchez, secretary general of the General Federation of Peruvian Workers.

LIMA, July 19. Still, Detroit feels under pressure to perfect a system that works flawlessly every time—the car has left the factory. Otherwise car makers may find themselves with more law suits than ever. They point out that if air bags work just 99.44 per cent of the time in a year in which 10m. cars were sold about 56,000 of them would have defective systems.

All new American cars are now equipped with seat belts, but Americans appear to dislike them. Only an estimated 30-44 per cent of motorists "buckle up" each time they take to the road.

all users suffered no serious injuries. One middle-aged salesman driving through Maryland walked away from a crash in which a school bus demolished his 1972 Mercury.

WORLD TRADE NEWS

HK metro \$874.2m. extension.

By Philip Gowling

HONG KONG, July 19. WITH THE first stage of its underground railway already well under way, the Hong Kong Government announced today that it had decided to go ahead with an extension of the system costing an estimated HK\$4.1bn. (\$874.2m.).

The extension, to Tsuen Wan in the new territories, will be 10.6 kilometres long and include 11 stations, bringing the total length of the line to 22 kilometres served by 26 stations. Some 800,000 people live in areas adjacent to the extension.

It is expected that tenders for the work will be called on an international basis in early 1978. As with the initial system, of which almost 25 per cent has already been built, the work is expected to be divided into a substantial number of separate contracts.

Mr. Norman Thompson, the chairman of the Mass Transit Railway Corporation, said today that he expected that some 60 per cent of the cost of the extension would be financed by export credits.

The Government will take a further small additional equity interest in the corporation in lieu of payments for land which is all owned by the Crown in Hong Kong.

The remainder would be from local and foreign loans. The corporation's debt at its peak will be over HK\$10bn. The HK\$4.1m. extension cost figure included an assumed 7 per cent inflation rate, but excludes capitalised interest and land resumption costs. It is estimated that the extension will be completed by the end of 1982.

P & O orders six short sea freight ferries

By IAN HARGREAVES, INDUSTRIAL STAFF

SIX NEW drive-on, drive-off capable of taking lifts of 300 tons. The cargo ships will be service to the Middle East, P & O's short sea fleet as part of an expansion plan designed to increase the group's integrated year and the roll-on, roll-off freight volume by 60 to 70 per cent within three years.

Three of the vessels are being chartered, with a purchase option, from the Swedish Siena Line, but the others are to be built by Mitsui, the Japanese shipbuilder, as part of a renegotiated order.

The original order with Mitsui, placed in 1973, was for a 414,000-ton crude oil carrier, but this was later converted to two 15,000-ton dry bulk carriers because of overcapacity which developed during the 1974 oil crisis.

It is to the order for one of these dry bulk carriers which P & O has now renegotiated as part of its ro-ro expansion. The company said yesterday it was keeping its options open until next week as to whether the order for the second bulk carrier should also be converted.

Under the renegotiated contract, Mitsui will build three freight ferries, two of 5,460 d.w.t. capable of 19 knots and one of 7,730 d.w.t. capable of 20 knots. Each will be 210 metres long and 120 12-metre trailers.

Also under the contract, Mitsui will supply two 17,000 d.w.t., 18-knot heavy lift cargo ships, each

offers a containerised ship service to the Middle East, P & O's short sea fleet as part of an expansion plan designed to increase the group's integrated year and the roll-on, roll-off freight volume by 60 to 70 per cent within three years.

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Japan expects foreign ship orders to drop 50%

TOKYO, July 19

JAPANESE SHIPYARDS expect foreign orders for vessels to fall to between 3m. and 3.5m. gross tonnes in the year ending March 1978, from 6.31m. tonnes in the previous year, the ship exporters association has predicted.

The association said the expected decline reflected increased competition from countries such as South Korea and Yugoslavia. Other contributory factors, it said, were the rising value of the yen, a prolonged free market slump and an increase in export prices this year following West European criticism of Japan's trade policy.

The association said it orders will be down 50 per cent in the first quarter of next year (April to June) fell 44 per cent to 675,000 gross tonnes in the same 1976 period.

Under the rules ports will be able to take action against substandard ships, so the industry is enforcing the minimum standards Convention, set up in 1978 by the International Labour Organisation.

Global ratification of the Convention would also eliminate effective boycotts of uncontrolled action. The Standards Convention provides the most comprehensive and the reasons why a ship is not up to standards for shipping are drawn up, and deals with construction equipment, operation and crew conditions.

BOTB case studies book

Financial Times Reporter

THE BRITISH Overseas Trade Board (BOTB) has published a book of 15 expert case studies designed to spread as widely as possible the experience and knowledge of exporting gained by 15 different companies selling a variety of export goods.

Each case study considers how an individual company tackled selling in overseas markets and examines their experience—both, success and failure. The products of the companies covered in the book range from mining and medical equipment to cutlery and carpets. Their export markets are equally diverse; from the industrialised countries of Western Europe, North America and Japan, to all rich countries of OPEC, and the developing nations such as India and Mexico.

These 15 companies export to over 50 markets throughout the world. In the foreword to the book, Sir Frederick Caterwood, chairman of the BOTB comments "The book does not show that building and sustaining a high export turnover is easy. It does show that with ongoing commitment and professional approach it is both possible and profitable."

15 Expert Case Studies is published by the British Overseas Trade Board, available price £3.50 post free, from Room LG37, Central Library, 1 Victoria Street, London SW1H 0ET.

Shipping standards campaign

By CHRISTOPHER DUNN

GREATER PRESSURE on British shipping standards is likely as a result of the decision by the International Shipping Federation to ratify the Minimum Standards Convention, set up in 1978 by the International Labour Organisation.

The Standards Convention provides the most comprehensive and the reasons why a ship is not up to standards for shipping are drawn up, and deals with construction equipment, operation and crew conditions.

It aims to cut out the competitive advantage enjoyed by "flags of convenience" operators, and come into force. Under the rules ports will be able to take action against substandard ships, so the industry is enforcing the minimum standards Convention, set up in 1978 by the International Labour Organisation.

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Aid to India could bring U.K. orders worth £150m.

By DAVID HOUSEGO

A FLOW of orders to British industry worth £150-170m. over the next four years is expected to result from a large part in the British aid to India programme.

This was announced at a Press conference yesterday by Mrs. Judith Hart, Minister for Overseas Development, who has just returned from a visit to India.

Among the projects which might receive British assistance are fertiliser plants, the expansion of India's merchant fleet, medical centres, fisheries development, and in the future, major recipient of British funds unless India could spend more specific projects, identified by both sides through greater long term planning would include term planning in the British aid to India programme. This is seen as one way of speeding up the disbursement of British aid to India.

At the moment about £140m. of committed British funds have not been drawn up. In her discussions with the Indian government Mrs. Hart is believed to have successfully put across the point that she would be under pressure from other government departments to cut back British aid to India—currently the major recipient of British funds—unless India could spend more specific projects, identified by both sides through greater long term planning would include term planning in the British aid to India programme.

U.K. quota or Spanish briefs

Financial Times Reporter

THE DEPARTMENT of Industry announced yesterday that import into the U.K. of undergarments and knickers from Spain will be restricted to 2,034 items in the period February to December 31, 1977, following a sharp increase last year.

Surveillance licences at present are issued for these products revoked from midnight night. The quota covers men's boys' underpants and briefs women's girls' and knicker briefs (knicker crochetees—not elastic or beris) of cotton or of synthetic textile fibres. U.K. import these products from Spain totalled 378,000 items in 1976, 25m. items in 1976 and 17m. items in the first five months of 1977.

Airbus for Thailair THAI AIRWAYS International has ordered two additional European Airbus airliners a taken an option on four other. Thai International has placed firm orders for four Airbus worth a total of \$100 million in the first half of 1977. The delivery in October and December.

Ren

ISLAM'S ECONOMIC DREAM A forty-nation market

By JAMES BUXTON

THE WEST'S economic relationship with the oil producing states and the whole Muslim world could change drastically if ideas put forward at a conference in Nazer, the Saudi Planning Minister, Dr. Ali Ahmed AlHija, Secretary General of OPEC, and Dr. Ahmed Izzeddin Hillal, the Egyptian Oil Minister.

The 1977 oil price rise has not only boosted the confidence of the Arab states but made them, and the rest of the Muslim world, aware of a greater economic strength than they formerly believed they had. Now it is a matter of how they should capitalize on this potential. To some extent this is already happening: Saudi Arabia, conscious of its role both as the world's largest oil exporter and as guardian of Islam's holiest shrines, already gives away more than 5 per cent of its annual GNP in aid and grants to other Muslim countries. Arab countries naturally get the bulk, but other Islamic countries such as Pakistan (the biggest non-Arab recipient), Malaysia and Muslim countries in Africa also benefit.

Even the more moderate voices at the conference, however, hinted that this effort, though laudable, was inadequate. The fact that Saudi Arabia's financial reserves, which stand at more than \$60bn., are almost entirely in the West, was seen as an indication of the oil surplus states' close association with, and dependence on the industrialised world; the surplus should be used to share their oil wealth more widely.

But whatever form economic co-operation between Muslim countries assumes eventually it is not easy to see how in practice Islamic can be the basis of a distinctly different Muslim world.

Nancy Dunne on the controversy over car safeguards The blow-up way to safety

MR. BROCK ADAMS, the new U.S. Transportation Secretary, has a vision of the American car of the 1980's as a "socially responsible vehicle—safer, cleaner and more economical than today's."

To this end, Congress is completing legislation to eliminate automobile pollutants and writing bills to promote fuel economy standards. And Mr. Adams himself has ruled that "passive restraints" to promote safety must be installed in all new cars from 1984, and in the latest models from two years before that.

White the car industry does not quarrel with Mr. Adams' long-term aims, it has been sharply attacking the most controversial—the air bag. This device, a large bag of specially coated material which fits into the steering column or elsewhere in the car's interior, can be filled from a cylinder of highly compressed air by means of a sensor which releases the air in case of accident. Most air bags are set to inflate in a split second when a car crashes into the equivalent of a fixed barrier at 12 miles per hour. The bag automatically cushions those riding in the front seats against contact with metal and glass.

Car makers are advocating State laws requiring motorists to use seat belts. Mr. Adams has rejected this as an alternative to passive restraints, declaring that after years of promoting seat belt use, public pressure has not been strong enough in a single State for such legislation to be adopted.

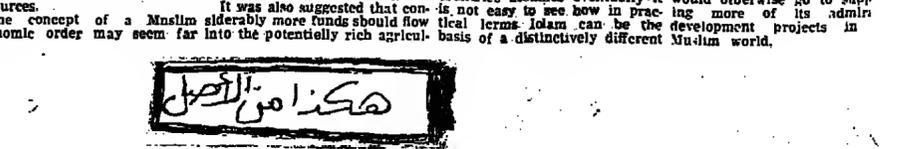
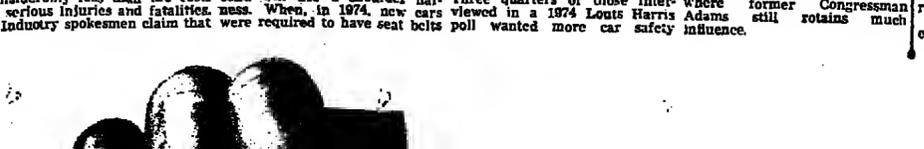
Whether or not the American public will give a better reception to the relatively expensive air bag remains to be seen. The Insurance Institute for Highway Safety released a nationwide survey which showed that nearly 30 per cent of those interviewed preferred protection which car makers do not need to accede. Half of those surveyed opposed the compulsory use of seatbelts. Three quarters of those interviewed in a 1974 Louis Harris poll wanted more car safety

standards. In a survey by the Roper Organisation this March, 61 per cent of the respondents agreed that some group, presumably the Government, should decide for them what safety features should be required.

Car makers claim many customers fear the air bag will suddenly pop out in their faces, making them lose control of their cars. Eight misfirings—three while the cars were being driven—have been reported in test cases. But some GM executives have claimed, of the record, that air bags are more reliable than other safety features—like brakes.

Still, Detroit feels under pressure to perfect a system that works flawlessly every time—the car has left the factory. Otherwise car makers may find themselves with more law suits than ever. They point out that if air bags work just 99.44 per cent of the time in a year in which 10m. cars were sold about 56,000 of them would have defective systems.

Congress can reject Mr. Adams' decree if both houses vote against it within 60 working days of its promulgation—this case by October 10. Congressman Bud Shuster, a Republican from Pennsylvania, has emerged as a leading opponent of air bags, although he represents a district with a highway fatality rate three times higher than the national average.



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ion market



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HOME NEWS

Leyland to ask for more State cash

THE GOVERNMENT will be told within the next few days that British Leyland has achieved the production target of 20,000 vehicles a week...

Court action threat over schools

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

COURT ACTION against the Birmingham education authority is being threatened by Mrs. Shirley Williams...

tion. But the legal position has since been changed by the Education Act of 1976.

prepared to comply within a new time-limit, she has no alternative but to have the validity of her demand decided to the courts...

Rutherford Comprehensive School.

An injunction granted by the High Court last month would have required the authority to continue maintaining and admitting new pupils to the grammar school...

not for want of trying—I cannot find any abuse or misuse of power by the ILEA," he said.

Lord Justices Browne and Geoffrey Lane agreed in the judgment. No order was made on costs.

Mr. Trevor Smith, chairman of the parents' association, said afterwards that further legal advice could be taken even though the court hearings had cost an estimated £4,000.



Company told to explain what accident would do

BY IAN BREACH, AT WHITEHAVEN

BRITISH NUCLEAR Fuels has been ordered to make available "all possible information" about the likely outcome of an accidental release of plutonium.

Mr. Justice Parker, chairman of the inquiry into plans to build a nuclear fuel re-processing plant at Windscale, told its leading counsel, Lord Silsoe, QC, yesterday that it was "a matter that I ought to look at as far as I am able."

Information about the location of plutonium stocks at the Windscale plant must not be disclosed, he said.

The company has maintained that information about plutonium should not be made public, and has previously refused to provide details with information they have requested.

But it has already been disclosed at the inquiry that stocks will rise to about 45 tonnes by 1995 if construction of the pro-

posed thermal oxide re-processing plant—the subject of the inquiry—is permitted.

In these circumstances, Mr. Justice Parker said, it was possible for an accident involving the release of plutonium oxide (so-called "worst case" incident) to be postulated.

He asked for an assessment, based on hypothetical locations and quantities, of the damage that would result from a release of plutonium.

It should, he said, be feasible for a risk analysis to be made as part of a computer programme.

It does not appear to me that it is right that there should be a complete blackout over the whole of the plutonium question.

One of the objectives, the Oxford Political Ecology Research Group, has asked for and is to give the source data for a computer programme already run by the U.K. Atomic Energy Authority on behalf of the company.

people living within a mile or so of the plant.

The objectives plan to run the computer programme for themselves in order to strengthen their contention that the risk has been underestimated. It will be three or four weeks before they have any results.

Mr. Iain Gildewell, QC, for Cumbria County Council, yesterday published details of discussions he had over the week-end with Dr. W. B. Lewis, of Queen's University, Kingston, Ontario.

Dr. Lewis, an authority on nuclear fuel and a former vice-president of Atomic Energy of Canada, has told Mr. Gildewell that storing irradiated fuel in "sound" containers for a number of years is both possible and safe.

Underlining points made earlier in the inquiry by Friends of the Earth, Dr. Lewis said in the discussions, which have been admitted as evidence, that he is opposed to the "irradiated" fuel deposits of nuclear wastes. Un-reprocessed waste materials

could and should be of a nature that made them retrievable.

The inquiry was told yesterday that radioactive tritium had been found on the West Cumbrian beaches half a mile from the Windscale plant, and that the Nuclear Installations Inspectorate knew of this leakage.

Under cross-examination by Mr. David Widdowcombe, QC, representing the Windscale Appeal, Mr. John Donoghue, manager of the company's safety assessment group, said this was possible but indicated that the question was one that could be dealt with by the Ministry of Agriculture, Fisheries and Food.

Meanwhile, the National Radiological Protection Board has advised the county council that continued investigation is needed of the long-term behaviour of stored fuel elements. The company has told the Board that such investigation is in progress.

Sharp rise in sea oil revenue forecast

By Peter Riddell, Economics Correspondent

GOVERNMENT REVENUES from North Sea oil production should expand from £10bn this year to more than £22bn in two years, said to over £37bn by 1982, according to a new analysis from stockbrokers Wood Mecklenzie and Co.

The brokers, who are leading specialists on the North Sea, are also taking more bullish view than before of the impact on the U.K. balance payments because of the higher price of oil.

They project a net current account benefit (after deducting interest and earnings paid abroad) of £1.6bn this year, rising to £2.5bn in 1978, £3.9bn in 1979, £5.4bn in 1980, £6.12bn in 1981 and £9.7bn in 1982.

This is on the assumption of the present exchange rate and a constant oil price of \$12.5 a barrel, except for the Piper field.

After taking account of capital flows, the total balance of payments effect is estimated at £2.15bn this year, rising to £3.07bn in 1978, £4.13bn in 1979, £4.92bn in 1980, £5.37bn in 1981 and £6.35bn in 1982.

There is expected to be a net capital outflow from 1980 onwards.

Accordingly, the brokers say that there will be a surplus on the oil account, less than £1bn to repay foreign borrowings in 1980.

Total national income is expected to be increased by more than £300m this year as a result of North Sea developments as a whole with the benefit rising to more than £45bn by 1982, equivalent to 4.3 per cent of 1976 Gross National Product.

On the assumption that oil prices rise in line with inflation, the real price of oil in addition to national income and almost 80 per cent of this will accrue to the Government in the form of corporation and petroleum revenue taxes and royalties.

Employers urge new policy on price curbs

FINANCIAL TIMES REPORTER

THE ENGINEERING Employers choose to settle earlier with Federation has urged the Government to reconsider its policy on prices because of its decision to penalise employers in order to enforce its policies.

The result of severe price pressure on wages at a time when the Government has decided to increase the rate of interest, still dangerously low levels in the Department of Prices and Consumer Affairs, and increased redun-

ces. "If the upward pressure of price control at a time when either because the unions are more responsible attitude currently seems likely because the Government strengthens the resolve secured a 12-month gap between employers by maintaining pay increases 'could cause a significant transfer in skilled labour from companies with price controls to those which do not'."

In its submission yesterday to the Department of Prices and Consumer Affairs, the federation said that it "totally rejects the principle of price control at a time when the Government has decided to increase the rate of interest, still dangerously low levels in the Department of Prices and Consumer Affairs, and increased redun-

Public sector pay 'key to inflation'

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

IN WHAT is likely to become a familiar theme over the next few months, a Government Minister emphasised yesterday the vital part pay negotiations in the public sector would have to play in controlling the overall rate of future inflation.

Mr. Robert Maclean, Parliamentary Under Secretary of State for Prices and Consumer Protection, said that the greater the moderation shown by nationalised industry negotiators, the lower the price increases all consumers would have to face for their essential goods and services.

A reduction in the rate of inflation was perhaps the most important single contribution negotiators could make towards consumer welfare, he said.

"Pay was the most important element determining the familiar theme over the next few months, a Government Minister emphasised yesterday the vital part pay negotiations in the public sector would have to play in controlling the overall rate of future inflation.

Looking ahead, he said that nationalised industries change to contribute to the curbing of the inflation rate or next one months, provided negotiators kept to the 12-month rule.

The size of the next round of pay increases was now critical, dependent on the size of the settlements negotiators struck.

Mr. Maclean, who was joined by the South-Western Electricity Consultative Council, Bristol, pointed out that the Government was committed to doing everything possible to maintain the 12-month rule.

"We do not enjoy price rises," he told shareholders at the annual meeting in the "Indeed, we have cut our heads by about 3 per cent for the past three years, while costs were rising there was no other answer."

Appointments Page Company News Page

Farmers join attack on plan to mine coal in beauty spot

THE NATIONAL Farmers' Union yesterday joined critics of the Coal Board's plan to open three collieries in the Vale of Belvoir, an unspoiled area of farmland in Leicestershire.

It called for a public inquiry commission to look into the plan. Such an inquiry, the Union said, should be "more wide-ranging than an ordinary planning inquiry."

The Union said that it was totally opposed to the plan because of the "immense damage which this would do to a prime farming area."

"We shall make very strong representation to the Government that a public inquiry commission should investigate the plan."

"Machinery exists for such a Commission to be set up under the Town and Country Planning Act where there are exceptional circumstances to warrant it."

"Although this machinery has never been used, the Vale of Belvoir is, in our view, a special case."

MR. JOHN WILHELMY, who paper work caused by legislation intends to give away the shopping business at Peterborough.

The company specialises in the supply of shop fittings. It has no debts, a sound order book, and a staff of 12. This year's projected turnover is £200,000.

The farmers' statement followed a wave of protests over the plan, announced on Monday, to work the 500m-ton coal beneath the Vale.

Sir Derek Ezra, the Coal Board's chairman, has said the coal had to be worked if Britain's needs were to be supplied.

Ryder post as director 'a courtesy' Canadian group says

By Stewart Fleming

LORD RYDER played "no active role" at Canadool Forest Products, the Vancouver-based timber and building products group which was asked to make a \$94,000 retirement gift to the former chairman of Reed International, said the Canadian company.

Mr. J. R. Longstaffe, executive vice-president of Canadian Forest Products, said that the company had asked Lord Ryder to become a non-executive director of the company in 1964 as a "courtesy."

When in 1965 CFP and Reed International had entered into a joint venture agreement, it was a much smaller company than Reed. As a private family-controlled company it published no financial information and still does not release details of its financial affairs.

Gain access Mr. Longstaffe said that because of this end because it would provide Reed with an opportunity to gain access to financial data and records, and to build confidence between the two partners, Lord Ryder was asked to join the CFP Board.

Lord Ryder, to the best of his recollection "never attended a meeting," although he had committed himself to attend the company's financial statements.

CFP rarely had Board meetings and decisions were taken by the family. "We do not really run the company with a Board of directors."

Asked about a request from the president of Reed's Canadian subsidiary that CFP make a retirement gift to Lord Ryder in 1974, Mr. Longstaffe said that CFP did not see any reason to make a payment.

"We do not pay directors' fees and I never crossed our mind to make such a payment. We might have given a token or memento, but we have never given a big retirement gift to a non-executive director."

Later, when CFP had turned down the request to make the gift to Lord Ryder, it agreed to make a loan via an offshore company. The money, which was eventually paid to Lord Ryder was paid back to CFP in January last year.

A few weeks ago Lord Ryder repaid the money.

Project awards for boroughs

AWARDS for conservation projects by local authorities at Eastleigh, Hampshire, and the London boroughs of Barnet and Bromley were presented last night by Mr. Peter Shore, Secretary of State for the Environment.

Projects in Southsea, Hampshire; Bolton, Lancashire; and again in Bromley, were commended by the judges to the seventh annual Conservation Awards Scheme sponsored jointly by The Royal Institute of Chartered Surveyors and The Times. The theme of this year's awards scheme was 'Conserving the Residential Environment.'

U.K.-U.S. double tax pact wins support at hearing

BY JUREK MARTIN, U.S. EDITOR

SENIOR OFFICIALS from the Carter Administration and the United States Congress to Washington yesterday lined up in support of a double tax treaty agreement with the United Kingdom which has been delayed over for 18 months.

In successive testimony before the Senate Foreign Relations Committee yesterday morning, Mr. Jerome Kurtz, Commissioner of the Internal Revenue Service, and Mr. Laurence Woodworth, Assistant Secretary for tax policy at the Treasury, and Mr. Paul Oosterhuis, legislation counsel of the Joint Congressional Committee on Taxation, took great pains to explain and endorse this complex agreement.

The treaty was originally signed on December 31, 1975. Subsequent amendments, principally of a highly technical nature, were made and incorporated into two protocols, the last of which was signed in March this year.

As is the case with all foreign treaties, Congressional approval is required.

Controversy

The real controversy, however, has centred on the taxation practices of three American states—California, Oregon and Alaska.

California, which has attracted considerable foreign investment, is much the most significant.

Under California's unitary apportionment system, as exemplified by the California enterprise doing business in California controls other corporations, is itself controlled by another corporation, or is related to other corporations by virtue of common ownership, and where the degree of common ownership is over 50 per cent, California requires the controlled to file a combined report of the group's world-wide income.

In other words, the fear is that California may seek to tax corporations on business done outside California. It is this concern which has prompted the John Lettow of Blackboys, U.K. Confederation of British Industry to engage a prominent American lawyer who will

testify before the Foreign Relations Committee to-day. A representative of the State of California will put the state's case to-day.

Mr. Woodworth—and also Mr. Oosterhuis—listed several objections to the unitary apportionment system. Mr. Woodworth contended the terms of the double tax agreement were not so discriminatory against the states as had been claimed.

"The treaty," he said, "will affect the tax jurisdictions of states to only a limited extent. It provides that a state, say California, in assessing the income of an enterprise doing business there, may not take into account any income or expenses of a foreign related company which is related to a U.K. enterprise."

The state may, however, take into account the income or expenses of any related U.S. company, income of all branches of U.S. companies and income of U.K. companies doing business in California.

He provided several examples of the application of the double taxation treaty and the State's unitary apportionment system.

On other points, Mr. Woodworth and Mr. Oosterhuis contended that Britain had made significant concessions in the treaty concerning the tax liability of U.S. corporations operating in Britain, particularly in respect of credits or against advance corporation tax.

The partial refusal to direct investors, Mr. Oost said, was "unprecedented because it had added it was a concession which was in the interest to make."

Mr. Oosterhuis argued the double taxation treaty between Britain and the U.S. was particularly attractive because it provided a model for similar pacts other European countries, like Britain, the subject of food aid changes.

At the same time, he noted that the U.S. had made equally significant concessions to British investors in the U.S.—by the 30 per cent withholding tax on dividends paid by U.S. corporations to U.K. investors. Mr. Kurtz's testimony was equally concerned, as it was Britain, with the question whether payments made by the British Petroleum tax were entitled to be deducted from U.S. tax obligations.

In 1975 the U.S. tax rates determined that since British levy was not essential, an income tax it should be deductible.

However, he acknowledged that the Inland Revenue was reassessing the whole picture of what constitutes a "come tax" with the result the matter is still under re-

NOTICE OF ISSUE ABRIDGED PARTICULARS

Application has been made to the Council of The Stock Exchange for the undermentioned Stock to be admitted to the Official List.

The Colne Valley Water Company

(Incorporated in England on 16th June, 1973 by The Colne Valley Water Act, 1973.)

OFFER FOR SALE BY TENDER OF £4,000,000

8 per cent. Redeemable Preference Stock, 1984

(which will mature for redemption at par on 31st July, 1984)

Minimum Price of Issue—£98 per £100 Stock

yielding at this price, together with the associated tax credit at the proposed rate, £12.36 per cent.

This Stock is an investment authorised by Section 1 of the Trustee Investments Act 1961 and by paragraph 10 (as amended in its application to the Company) of Part II of the First Schedule thereto. Under that paragraph, the required rate of dividend on the Ordinary Capital of the Company was 4 per cent. but, by the Trustee Investments (Water Companies) Order, 1973, such rate was reduced to 2.5 per cent. in relation to dividends paid during any year after 1972.

The preferential dividends on this Stock, which will rank pari passu for dividends with the existing Preference Stocks, will be at the rate of 8 per cent. per annum. The associated tax credit, at the proposed rate of advance corporation tax (34/60ths of the distribution), is equal to a rate of 4 4/33rds per cent. per annum.

Tenders for the Stock must be made on the Form of Tender supplied with the Prospectus and must be accompanied by a deposit of £10 per £100 nominal amount of Stock applied for and sent in a sealed envelope to Deloitte & Co., New Issues Department, P.O. Box 207, 128 Queen Victoria Street, London EC4P 4JX marked "Tender for Colne Valley Water Stock", so as to be received not later than 11 a.m. on Tuesday, 26th July, 1977. The balance of the purchase money is to be paid on or before Monday, 26th September, 1977.

STATUTORY AND GENERAL INFORMATION

The Company was incorporated by The Colne Valley Water Act, 1973 and under this and subsequent Acts and Orders obtained powers for supplying water in an area of about 149 square miles in Greater London and Hertfordshire, including parts of the London Boroughs of Barnet, Brent, Harrow, and Hillingdon and the City and District of St. Albans, the Borough of Watford, part of the Borough of Hertsmead and part of the District of Three Rivers. In accordance with the provisions of the Water Act, 1973, the Company continues to supply water within that area under an arrangement with the Thames Water Authority. The total population supplied is approximately 750,000.

The present issue is being made to provide funds for the redemption at par of £4,000,000 6.3 per cent. (formerly 9 per cent.) Redeemable Preference Stock 1977 on 30th September, 1977.

Copies of the Prospectus, on the terms of which alone Tenders will be considered, and Forms of Tender may be obtained from: Seymour, Pierce & Co., 10 Old Jewry, London, EC2R 8EA. National Westminster Bank Ltd., 113 High Street, Watford, Herts., WD1 2DG. or from the Principal Office of the Company, Blackwell House, Aldenham Road, Watford, Herts., WD2 2EY.

Oil to fit boat deal... Shipbuilder... Town Centre Council Office... Industrial Estate... All-tale sign... Newsboy of Year winner... Third was Amanda Smith of Plumstead, who received the award... Mr. J. E. Sefton, chair News Delivery Comm. N.P.A., circulation director day Times; Judith Chal presenter Good Afternoon programme; Mr. N. E. J. P. general secretary Nat Federation Retail News and Mrs. Joyce Shorrocks was the President of National Federation Retail Newsagents.

PROCESSING
Laser speeds production of microfilm

ALTHOUGH it will not be available in the U.K. until the autumn of next year, Eastman Kodak Company has announced a new generation of computer output microfilm machines that use a laser for image writing and dry, heat-processed film.

Known as the Komstar 300, the new COM machine is magnetic tape-driven and will accept image tapes from computers built by most of the major manufacturers. An internal formatter will then instruct the laser writing system to produce printed output on 105 mm fiche or 16 mm roll film as required—there are separate processing paths in the machine for each.

The laser writing system uses a 6 mW solid-state laser beam from which is split up into nine separate beams sweeping across one line of print to produce characters on a 9 x 7 format. Which of the nine beams is active is determined by the acoustic-optical modulator through which they pass, thus determining which dots in the 9 x 7 matrix are printed, and the resulting character.

The line motion and line shift are produced by galvanometer mirrors deflecting the laser beam. The speed across a line is up to 20,000 characters a second which, allowing for line shifting works out at two to five pages a second.

The film used in the machine is Recordak "Dacomatic". This has a sandwich structure with the developer contained within the thickness of the film. After exposure the film passes over a heated roller for about five seconds, producing the image. The process completely eliminates darkroom, liquid processing, plumbing and chemicals.

Microfilm masters are exposed, cut and processed in an automatic, straight-line operation. The operator needs only to remove the finished, stacked microfiche from the receiving tray and have them duplicating for distribution. On a separate path, 16mm film is processed at the same time. Both sizes of film are provided in disposable, room light handling cartridges that are easily loaded into Komstar.

Very little manual intervention by the operator is needed. A mini-computer-based controller sets up the machine for each job, selects the appropriate lens, determines the film spacing and deals with any retrieval indexing to be applied to the film.

The controller and formatter of the unit make use of Starlink 3 applications software which has been written to ensure maximum flexibility—Kodak claims that it allows the user to "satisfy the needs of virtually any COM application." The suite will continue to be updated by new releases as new user needs are identified.

Later on, two other models are to be launched, Komstar 100 and 200, for on-line working to IBM 360/370 computers. The 200 will be controlled either by Starlink 3 mini software or from the IBM mainframes while the 100 will use Starlink software only.

Apart from the speed, convenience and flexibility of these new COM machines, Kodak also claims outstanding image quality, with overall system resolution of 1000 lines/mm.

Clearly, a good deal will depend upon the price, about which the company refuses to make any comment for the time being. COM still has to "take off" by the accepted standards of the computer industry; this may be the machine that will really set the ball rolling.

COMMUNICATIONS
Gets all P.O. channels

LATEST radiotelephone unit from Storno is able to receive all 55 channels of the Post Office radiophone service.

For the user in his car the calling procedure involves only one action: he simply lifts the handset from its rest, which can be located anywhere in the car. The set then automatically searches through all 55 channels and locks on to an unoccupied frequency offering the strongest signal strength.

The user bears ringing tone as on a normal telephone, when the operator answers, the driver simply gives his radiophone number and the number he requires. An incoming call is indicated by a buzzer and light on the control box.

Initial availability will be in the South East, Midlands and the North West and the installed cost is about £1,000. More from the company at Newby House, Chase Road, London N14 6JS (01-882 4944).

PLASTICS
A new engineering material

At the initiative of FMC's president, Dr. Siebott Hastings, Polyset Products has been set up in Cheshire to exploit the process.

Financed by British capital from Sleat Holdings, Polyset will use FMC technical know-how, and chemistry under licence from Dow. FMC holds 28 per cent of the issued share capital, and Dr. Hastings will be on the board.

The new plastic and its moulding method has a number of advantages. Its physical characteristics are generally comparable to other engineering thermoplastics, such as nylon, polycarbonate and polycarbonate, including mechanical strength, fatigue resistance, stress cracking, ultraviolet degradation, and corrosion resistance. But it is about 25 per cent cheaper than comparable components in nylon.

Called Polyset, this polyurethane is formed in a manner somewhat similar to polystyrene foam, but is a dense material. Moulding capacity at present is up to 30 kg, but it is hoped to increase this shortly to 100 kg. In the U.S. mouldings up to 200 kg have been made.

Sections of almost unlimited thicknesses can be moulded at dramatically reduced time cycles—average production time for a component is 60 seconds, actual moulding time is 15 to 20 seconds. Components leave the moulding machine at about 70 to 75 deg. C, and cooling is completed, preferably for 24 hours.

An attractive economy in tooling costs results from the comparatively low pressures (maximum 100 psi) in the mould cavity, enabling aluminium, epoxy, and even rubber moulds to be used.

Production of small numbers, prototypes, or pre-mass production quantities (even for items which will subsequently be injection moulded) becomes viable.

Tooling times are proportionately reduced, and Polyset Products offers a toolmaking service. The company will also produce moulded components for service. The company will also produce moulded components for service. The company will also produce moulded components for service.

AUTOMATION
Assembly of tiny parts

LICENSING arrangements between GII Honeywell Bull and FAR, an affiliate of ASUAG (General Company of Swiss Watchmakers), allow FAR to manufacture and sell machines developed for the automatic assembly of microelectronic components from a tape automated bonding carrier tape.

The TAB type of assembly has aroused considerable interest, not only within the different branches of the electronics industry, but in other areas of industry like avionics, motors and watches. All incorporate electronic components in their products.

Application of the new technique requires special production machines and apart from a few prototypes, these are not yet available on the market.

ASUAG is the largest watchmaking group in Switzerland and FAR is based in Le Locle, near Neuchatel. FAR's main activity is the manufacture of escapements for conventional watches. Since its foundation all the necessary production machines have been designed and built in house. The company has a long experience in precision mechanics.

More from Honeywell on 01-568 9191.

PACKAGING
Bemrose expands

A CAPITAL equipment modernisation programme has been announced by the Bemrose Corp. (the Derby-based packaging, printing and publishing group) at its Spondon subsidiary, Bemrose Flexible Packaging.

Initially, £2.5m. will be spent on plant polyethylene extrusion, gravure printing and cylinder manufacture, and on extensions to the Spondon factory.

A Bone Marikham coater/laminator machine is to be installed which is believed to be the first tandem extruder to be used in Britain by a major flexible packaging supplier. The one metre deck machine provides a more consistent coating, which is important to the convenience foods market. It will replace the single-headed Collikon machine.

Another multi-unit gravure press will be installed in addition to the 8-unit Cerutti 388 currently undergoing commissioning trials—both will replace older equipment. Part of the investment will be spent on a range of photo-etching equipment.

Bemrose recently raised £1m by a rights issue. This money will be used to help finance the expansion programme. More from the company on 0332 31252.

such as thread cutting, it can be cut to closer tolerances than its nearest competitor, nylon.

Polyset can be painted, and chrome plated, so that it can readily be produced to resemble materials such as wood or metal. It is under very active investigation by the motor industry, especially in the U.S. where cars will have to be made much lighter if they are to meet the forthcoming legislation on petrol consumption.

Apart from the motor industry, the material has a wide variety of applications. Its dielectric and weatherability properties make it of interest to the electrical industry for tough corrosion resistant switch boxes, cabinets, etc.—features which also appeal to the marine industry for fittings, pumps and valves.

More from the maker at Green Lane, Appleton, Warrington, Cheshire WA4 5NG (0925 62882)—after August 1, Polyset Products will be at 5 Russell Road, Rock Ferry, Birkenhead, Merseyside. Tel: 051-644 9050. The company will be showing the new plastic at Interplas (NEC, Birmingham, September 15 to 23), and some of its applications—such as a mallet moulded in one piece.



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INSTRUMENTS
Has two displays

A DIGITAL quartz chronograph from Heuer of Bienne, Switzerland, has a double liquid crystal display. Known as the Chrono split LCD it combines two timer systems within one watch face. The upper display shows watch time, the lower display shows the time of day, hours and minutes and will, on demand, show the date and a seconds read-out.

The lower display is for time purposes, showing intermediate lap or part-times to a hundredth of a second. Minutes and seconds are shown whereas hours up to 12 and the hundredths of a second appear only on demand.

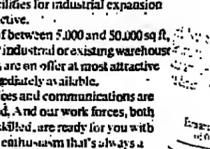
More from Heuer-Leonidas S. Rue Veresius 18, CH-2501, Bienne.

RELATIVELY
Makes cable check easy

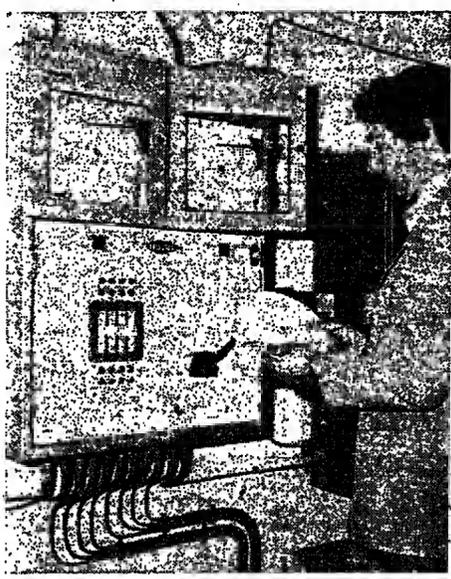
RELATIVELY lightweight battery-operated megohmmeter from Wandel and Goltermann (U.K.) of Acton can be used to test on cable electrical equipment, components and installations, and also for continuity checks and dc or ac voltmeters up to 100 V.

One of the instruments, MCM-5, can deliver instantaneous 2kV flash test—the line to break down any potential flaw or weakness in the insulation. A dc test voltage of either 100 V or 500 V, then used to check the insulation resistance across the cable conductors. Low resistance measurements using a test voltage 1.5 V dc are also possible in range 0-1000 kilohms, while insulation test enables measurement of impedances up to 100,000 megohms.

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TEXTILES
Speeding up a Jacquard

ONE OF the oldest and still the most efficient systems of production of wider fabrics and on large complex designs in woven materials is the mechanical Jacquard. This machine uses punched cards and, by a series of needles, detects whether or not a warp thread should be lifted—and so the pattern is created.

The process, shown perfected in 1801, is simple, but until recently has been very limited in the speeds that can be reached. Now a great deal of work is being expended on the development of new systems which will be compatible with the modern high speed shuttleless looms of growing importance in the weaving trade.

A notable British achievement is the introduction of a 32-hook "Mini Jaq" Jacquard which is able to produce intricate woven designs in narrow fabrics at speeds of up to 2,000 picks per minute. The new system has been developed by Bonas Machine Co., Pallion Industrial Estate, Sunderland 0783 43211.

At present the Mini Jaq is confined to the production of patterned fabrics to a maximum width of 65 mm. (2 1/2 inches) but it operates on a principle that is intrinsically suitable for application to wider fabrics and on larger more ends of yarn. Within the present confines it will be used in the company's Varifex 2/65 narrow fabric looms which are used for making fancy ribbons and named fabrics for belts, trousers and skirt bands, elastics and trimmings as well as broad safety harness for the automobile trade.

The Varifex loom makes two fabrics in parallel so a single Mini Jaq will be able to control the matching end in each of the two fabrics. The new Jacquard is still simply mechanical, but of advanced design, being belt-driven from the loom on which it is mounted and it measures only one cubic foot, and operates from a continuous roll of punched plastic-coated card.

As far as the design is concerned, it can be of virtually any length, depending upon the length of punched card fed to the Mini Jaq, but it is obviously work is in hand to increase the number of hooks and this could be done by the use of this new British design. The system is also suitable for use on wider types of looms, and at very high operating speeds.

DATA PROCESSING
Pension fund problems

SPECIALISING in pension fund administration problems, a team has been set up by CMI Southern to provide advice on the most suitable methods of using computers, according to the type of scheme the company is running.

The team was created initially to advise a major fund group on what type of system would be suitable to handle the requirements of the Social Security Pensions Act 1975, which comes into force in April 1978.

Under these new regulations the amount of administrative work required to maintain extended personnel records will rise substantially and, where companies contract out, enough detail about every member must be kept on file to allow calculation of actuarial valuations, guaranteed minimum pensions and potential retirement benefits.

Whatever transpires, companies will have to maintain a firm of database, the control of which is a job eminently suitable for a computer.

More on the service from CMI/G at Sunley House, Bedford Park, Croxford CR0 2AP. 01-686 8251.

Continuous memory locations (each location representing one analogue input channel). Thus, the standard memory read instructions can be used to acquire data from any channel.

Latest hybrid construction techniques have been used, with laser trimming to adjust gain and offset internally, obviating the need for external correction components. More from 17 Exchange Road, Watford WD1 7EB Herts (0232 338371).

Two new printers

AVAILABLE from Data Dynamics is the Teletype 43 KSR, a silent low cost 10 or 30 character per second keyboard printer no bigger than a conventional office typewriter.

Design of the head enables the full upper and lower case alphabet to be produced using a high definition 7 x 9 dot matrix instead of the usual 5 x 7. The full 94 ASCII set is provided.

Up to 132 characters can be printed on a carb line (the Teletype 33 accommodates only 72) using 12 inch wide pin-feed fan-fold paper. There are about six lines/line and an original and two copies can be printed.

The unit is controlled by a microprocessor chip designed specifically for the printer by Teletype. More on 01-548 9781.

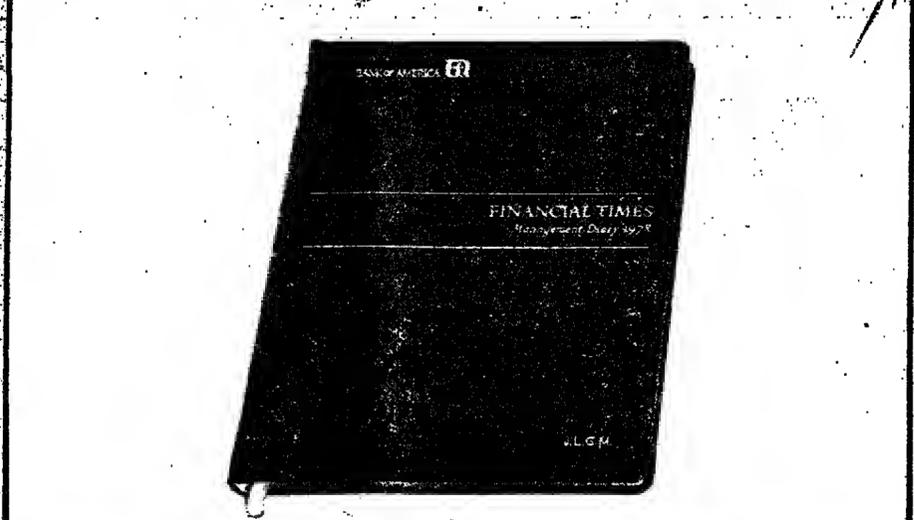
A new electro-sensitive matrix printer from Data is another recent introduction. Called the 800, it will print 20, 40 or 80 characters per line, upper and lower case, on an 8 x 5 matrix. Paper width is five inches. This machine also uses a microprocessor, allowing the print size to be changed using control characters. Serial or parallel ASCII interfaces are available and the printing rate is two lines per second. Data is on 061 941 1 looks like a block of 16 con-

Tiny data peripheral

AS computers get smaller so will their associated peripherals and inevitably the word "micro-peripheral" has been coined.

Latest from Burr-Brown International is a 16 channel data acquisition module for use with "6800" microprocessors. Known as the MP21 it occupies less than a cubic inch and will interface directly to a 6800, 6801, 6802 or F-8 microcomputer system.

This small ceramic package needs no external components. As far as the micro is concerned, it looks like a block of 16 con-



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Catalan to English
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Galician to English
Asturian to English
Valencian to English

Ford asks Halewood men to cut output

Our Labour Staff
CAR production workers at Halewood plant in Liverpool urged by management to boost output of the Escort model.

Trust House Forte faces more restaurant pickets

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

PICKETING OF THE Trust House Forte Night Out theatre-restaurant, in Birmingham, is to start again on Saturday in a new flare-up of the dispute with the Transport and General Workers' Union.

Sacked pilot was 'disruptive', Bristow strike inquiry told

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE MAN at the centre of a seven-week strike of helicopter pilots, which threatened North Sea oil production was a "disruptive" pilot, a court of inquiry in Glasgow was told yesterday.

Darlington decision soon from print men

By Pauline Clark, Labour Staff

PRINTING UNIONS which have been considering moves to support striking journalists in the post-entry closed shop dispute in Darlington are expected to come to a final decision on industrial action by the end of this week.

Ward told 'whole pack of lies', claims Grunwick witness

A GRUNWICK worker said yesterday that he joined the strike after hearing Mr. George Ward, the managing director, tell "a pack of lies" on the radio.

Grunwick Inquiry

is doing nothing wrong when strikers are given notice of dismissal after they go on strike in breach of their contracts of employment.

Three N. Sea claims for union rights

FINANCIAL TIMES REPORTER

THREE CLAIMS for union progress made in unionisation installation where the employee union which could mark the start of the campaign to begin last year.

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Citytrust, 961 Main Street, Bridgeport, Connecticut 06602 is acting as Exchange Agent. Old Debentures may only be tendered by a properly completed and executed Letter of Transmittal. Copies of the Prospectus and Letter of Transmittal have been mailed to all Old Debentureholders of record.

Requests in Europe for copies of the Prospectus and Letter of Transmittal should be directed to Ulrich Peter Walder, Bahnhofstrasse 94, P.O. Box 2175, 8025 Zurich, Switzerland. Tel: (01) 211 39 69 (call collect)

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PARLIAMENT and POLITICS

Benn patronage powers worry MPs

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MPs OF ALL parties yesterday voiced great concern over the powers of patronage taken by Mr. Anthony Wedgwood Benn, Energy Secretary, by his proposals for the re-organisation of the electricity supply industry under a new central Board.

Mr. Tom King, Conservative energy spokesman, said that the Opposition had the gravest doubts about the solution which had been adopted. He believed there was a case for either an efficient unified structure or for competitive area power Boards.

But the new proposals gave Mr. Benn the power of patronage over a hundred jobs at area level. This, thought Mr. King, would be very damaging to the industry.

The Tory spokesman was particularly concerned about that part of the scheme which gives Mr. Benn powers to carry out the detailed re-organisation of the industry by bringing forward Orders in the Commons. These particular proposals were not supported by the management or the unions in the industry, Mr. King declared.

In his statement announcing the scheme Mr. Benn told the House: "The changes proposed will, I believe, meet the need for greater coherence and planning in the industry. The whole approach, essentially an evolutionary one, will avoid a major upheaval in the industry."

Although a stronger centre was required to deal with the major strategic issues facing the industry, he stressed that it was equally important to find a solution which preserved vigorous and effective local Boards.

The Secretary of State explained that the proposals implemented the recommendations of the Plowden Committee, which had found that the main weakness of the electricity supply industry was a lack of strategic control and direction and that the Electricity Council, an advisory body, was not equipped to give strong leadership.

Therefore, said Mr. Benn, he would be bringing forward legislation to abolish the Electricity Council and the Boards and to create a new central body which would have responsibility for the industry as a whole.

MPs became worried, however, when Mr. Benn explained that his legislation would not prescribe the internal organisation of the industry. Instead, he would be carrying out this function himself by bringing Orders before the House after consultation with the new central body.

They became even more alarmed when he went on to announce that he would also be bringing forward an Order to set up a generating Board and Boards for local distribution and that he would appoint the members of these bodies after consultation with the industry.

Mr. Benn told Mr. King that he had not thought it right to go into detail with the unions and management on the provisions of the various Orders before he had had a chance to make his announcement to the House.

Discussions on this point had so far been of a very restricted kind, but he would be publishing a draft statutory instrument.

In later exchanges, Mr. Benn seemed to be suggesting that he was prepared to change his mind on some of his proposals if the House really felt strongly that he was getting too much patronage.

This came in reply to Mr. Jo Grimond, the Liberal spokesman, who argued that by taking power to appoint the members of Boards the Secretary of State would be increasing his patronage and possibly frustrating the main recommendations of the Plowden Committee.

There was sceptical laughter when Mr. Benn replied: "I take the point about patronage. There is much too much Ministerial patronage—I think my view on this is very well known. The question was whether the Government could really secure its objective by transferring patronage to those who were not even accountable to the House."

"If, in the course of the debate on the Bill, the House can assist in finding a better way in which the powers of patronage are exercised on this scale, I would certainly listen most intently. But I don't want one massive industry without any effective way of establishing its relationship with local communities."

Mr. Arthur Palmer (Lab., Bristol N.E.) chairman of the Select Committee on Science and Technology, thought that Mr. Benn had been less than frank with the House. According to Mr. Palmer, the unions were, in fact, extremely hostile to the proposals.

"They believe that you must either have a unified structure, or a genuinely autonomous structure. You can't mix the two. If you pursue this, you will do so in the face of trade union hostility," he said.

But the Secretary of State replied that Mr. Palmer was being less than fair. The unions, he said, supported the proposal to bring forward a Bill. Further consultations would be taking place with them about the contents of the Orders that he would be bringing before the House.

Rhodesia election irrelevant - PM

BY IVOR OWEN, PARLIAMENTARY STAFF

WITHOUT ACCEPTANCE of the principle of one man, one vote, as the basis for a Rhodesia settlement, the action of Mr. Ian Smith in calling a general election for August 31 would be seen to be "largely irrelevant," the Prime Minister told the Commons yesterday.

Mr. Callaghan spelled out the Government's attitude to the poll announced by Salisbury on Monday night during a clash with Mr. Julian Amery, the former Tory Minister, who once described the unilateral declaration of independence as a "rebellious wrapped up in the Union Jack."

Mr. Amery pressed for an assurance that Britain did not intend to sabotage an internal settlement in Rhodesia between Mr. Smith and nationalist groups who might work with him.

He also called on the Prime Minister to repudiate repeated Press "smears" that the Government would only be prepared to endorse a settlement which included the "pro-Soviet Patriotic Front and its Marxist hangers-on."

Amid Labour cheers, Mr. Callaghan replied that if he were to be asked to repudiate smears, it might be as well if Mr. Amery were to avoid resorting to them himself. "To characterise the Patriotic Front in that way when it is a body which clearly represents a large group of African opinion, is not likely to enhance a settlement," he declared.

The Prime Minister then reaffirmed that in the Government's view, it was not Britain's task to pick and choose the African leaders who would lead Rhodesia in due course.

"It is our task to ensure that in so far as we have the influence, that one man, one vote will prevail. Unless and until Mr. Smith operates that policy whether he holds a general election or not will be seen to be largely irrelevant in these circumstances."

Shore lifts limit for grants to improve houses

BIG INCREASES in the maximum expense limits for house renovation grants were announced by Mr. Peter Shore, Environment Secretary, in the Commons last night.

For discretionary improvement grants—up to 50 per cent of the actual cost of the work can be obtained—the new limit will be £5,000, an increase of 50 per cent on the existing figure of £3,200.

Mr. Shore, speaking in a debate on the problems of large towns and cities, said the new limits for immediate repair and special grants would be £2,700, £1,500 and £1,200 respectively. These changes represented increases of between 70 per cent and 87 per cent on present limits.

Mr. Shore told MPs that the rateable value limits for discretionary improvement grants are also to be increased from £300 to £400 in London and from £175 to £225 outside the London area.

He explained that the cost of the changes formed part of the £100m. package of measures to assist the construction industry announced by the Chancellor of the Exchequer (Mr. Healey) on Friday.

Opening the debate Mr. Reginald Eyre, for the Opposition, said that the influx of immigrants to Britain's big cities and towns should be controlled.

Tory Peers force direct labour accounts change

SOME LOCAL authorities operating direct labour departments will be required to use the form of accounts recommended for use in the private sector following a Government defeat in the Lords yesterday.

Voting was 104 to 57, a majority against the Government of 47, on a Tory proposal during the committee stage of the Local Authorities (Restoration of Works Powers) Bill.

The Bill restores and makes permanent the powers of 25 specified district councils in England and Wales to carry out work for capable private buildings.

Baroness Young, Conservative environment spokeswoman, argued that more than any other department, direct labour departments were in competition with the private sector.

Baroness Birk, Environment Secretary, said the Government was introducing a new financial system was in complete accordance with the powers given by the Bill were an unnecessary addition to Government bureaucracy.

Planning powers for any such work would be needed.

Baroness Birk, Environment Secretary, told the House that the full five years' period as part of the Government's overall strategy.

Callaghan defends Drax B order

BY IVOR OWEN, PARLIAMENTARY STAFF

A RESTRUCTURING of the heavy electrical plant industry "must take place" in due course, the Prime Minister insisted in the Commons yesterday.

Replying to further criticism of the decision to allocate the funding generator element in a job lost in contract for the Drax B coal-fired power station to C. A. Parsons, he accepted that an immediate agreement on restructuring the industry would have been preferable.

"But short of nationalisation, and I am not sure you would have supported that, there was no way of compelling a restructuring of the industry," Mr. Callaghan told Tory critics.

The two chief protagonists, GEC and Parsons, had been unwilling to come together on any basis that would have provided a solution.

Mr. Callaghan argued that in these circumstances the Government had to take a decision. Although it will cost more, it will leave the way open—and both have given an assurance—for the very necessary restructuring that must take place in due course if a good industry with proper export potential is to be maintained.

Mr. Winston Churchill (C., Stretford) described the Drax B decision as "an abject surrender" and argued that every job which it saved on Tyneside would result in a job lost in Trafford Park, Manchester.

It was the height of irresponsibility, he charged, for the Government to spend £30 for every family in the country to appease Mr. Arthur Scargill, the Yorkshire president of the NUM, and Mr. Anthony Wedgwood Benn, the Energy Secretary.



Lord Carver of Sheekleford (centre), former Chief of the Defence Staff, created a life peer in the Jubilee Honours, was introduced in the Lords yesterday. His sponsors were Lord Harding (left) and Lord Elworthy (right).

Kidney scheme rejected

THE GOVERNMENT yesterday rejected a suggestion that people should "opt out" of the kidney donor scheme rather than into it.

Mr. Eric Deakin, Social Services Under-Secretary, said that the Government was not convinced that such a scheme would achieve as much as its supporters suggested.

Talks on increase in Ulster MPs start next week

BY PHILIP RAWSTORNE

A SPEAKER'S Conference was announced yesterday to consider an increase in the number of Northern Ireland MPs at Westminster.

Mr. George Thomas, the Speaker, told the Commons that the conference of 28 backbench MPs of all parties will meet for the first time next week. Its terms of reference are: "To consider and make recommendations on the number of Parliamentary constituencies that there should be in Northern Ireland."

Pressure for an increase in the 12 MPs who currently represent the province at Westminster, arose after the abolition of Stormont and the introduction of direct rule in 1972.

Though the Government's long-term aim remains the return of a system of devolved government to Northern Ireland, there is now general agreement at Westminster that a strong case exists, in the meantime, for increasing the province's representation.

Hopes for 'sensible' bargaining

BY PHILIP RAWSTORNE

A FAVOURABLE trend in the Retail Price Index should help the return to free collective bargaining in the next wages round, the Prime Minister claimed in the Commons yesterday.

He firmly endorsed a suggestion by Mr. William Molloy (Lab., Ealing N.), that the fall in the price of materials purchased by industry should be an encouragement to "sensible wage bargaining."

The Prime Minister emphasised that there was no doubt that the prices of imported commodities were going down, and he looked forward to the effect working through to the price index.

Progress on prices claim

BY PHILIP RAWSTORNE

A GREAT DEAL of progress was being made in wearing down high food prices in the Common Market, the Prime Minister claimed in the Commons yesterday.

Mr. Callaghan told Mr. Douglas Jay (Lab., Battersea N.) that, in the price fixing negotiations in the EEC last year, the increase of 31 per cent was the lowest since Britain joined the Community. "It is useful at times in acknowledgement that a great deal of progress is being made in wearing down the situation," he declared.

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Premier to visit Bonn for economic talks

BY IVOR OWEN

ECONOMIC ISSUES will be discussed when the Prime Minister meets Herr Schmidt, the West German Chancellor, in Bonn in September.

Mr. Callaghan made this clear in the Commons yesterday when he surprised MPs by disclosing that he had had a long telephone conversation with Herr Schmidt earlier in the day.

"The telephone call was quite an expensive one," he stated with a laugh.

Mr. John Pardoe (L., North Cornwall) wanted to know if the German Chancellor had told the Prime Minister about his talks with President Carter during his recent visit to Washington.

Had Herr Schmidt explained, he asked, how Germany intended to emulate the U.S. example in meeting the growth targets agreed at the Downing Street economic summit?

Mr. Callaghan replied that these particular issues had not been covered during his telephone conversation, which had mainly been concerned with relationships between the U.S. and the Soviet Union.

Office Development Bill limited

BY PHILIP RAWSTORNE

THE GOVERNMENT was defeated in the Lords yesterday when it proposed to limit the life of the Control of Office Development Bill to three years.

The move, which cuts the Bill's extension of the use of control permits by two years, was accepted by 57 votes to 71, a majority against the Government of 16.

Baroness Young, for the Opposition, said the powers given by the Bill were an unnecessary addition to Government bureaucracy.

Planning powers for any such work would be needed.

Baroness Birk, Environment Secretary, told the House that the full five years' period as part of the Government's overall strategy.

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Earnings per share	36,486	35,328
Dividend cover (times)	0.2p	15.2p
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	51%	28%

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Ennals prepares vaccine payment plans

FINANCIAL TIMES REPORTER

THE DEPARTMENT of Social Services is drawing up a list of possible arrangements to ensure that vaccine damaged children are able to claim compensation for their injuries.

Final details of the scheme will not be made known until the Government has received the report of the Royal Commission on civil liability and compensation for personal injury.

Mr. David Ennals, Social Services Secretary, told the Commons yesterday: "As soon as the report is received, we shall examine its recommendations in detail so that a scheme of payments can be decided without delay."

"The provisions of the scheme and arrangements for the submission of claims will then be published. In the meantime, advance work is in hand by the Department on possible arrangements."

Mr. Robert Adley (C., Christchurch and Lynton) warned the Secretary of State that the hope of some parents would turn to bitterness if they thought they had a claim but could not obtain help for their child.

Mr. Adley urged the establishment of some preliminary procedure to avoid some of the misery that could be caused.

Mr. Ennals agreed that one of the most difficult aspects of the compensation system would be determining the method by which it could be established whether damage was caused by the vaccine or something else.

Mr. Jack Ashley (Lab., Sloeke S.) urged the Government to ensure that if there was any doubt, that doubt should be settled to the benefit of the child concerned.

ENTERTAINMENTS—Continued

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"UNDEARLY FUNNY" E. NEWS. "The glitter is in the performance." Times. Tuesday. 8.15. 8.30. 8.45. 9.00. 9.15. 9.30. 9.45. 10.00. 10.15. 10.30. 10.45. 11.00. 11.15. 11.30. 11.45. 12.00. 12.15. 12.30. 12.45. 1.00. 1.15. 1.30. 1.45. 2.00. 2.15. 2.30. 2.45. 3.00. 3.15. 3.30. 3.45. 4.00. 4.15. 4.30. 4.45. 5.00. 5.15. 5.30. 5.45. 6.00. 6.15. 6.30. 6.45. 7.00. 7.15. 7.30. 7.45. 8.00. 8.15. 8.30. 8.45. 9.00. 9.15. 9.30. 9.45. 10.00. 10.15. 10.30. 10.45. 11.00. 11.15. 11.30. 11.45. 12.00. 12.15. 12.30. 12.45. 1.00. 1.15. 1.30. 1.45. 2.00. 2.15. 2.30. 2.45. 3.00. 3.15. 3.30. 3.45. 4.00. 4.15. 4.30. 4.45. 5.00. 5.15. 5.30. 5.45. 6.00. 6.15. 6.30. 6.45. 7.00. 7.15. 7.30. 7.45. 8.00. 8.15. 8.30. 8.45. 9.00. 9.15. 9.30. 9.45. 10.00. 10.15. 10.30. 10.45. 11.00. 11.15. 11.30. 11.45. 12.00. 12.15. 12.30. 12.45. 1.00. 1.15. 1.30. 1.45. 2.00. 2.15. 2.30. 2.45. 3.00. 3.15. 3.30. 3.45. 4.00. 4.15. 4.30. 4.45. 5.00. 5.15. 5.30. 5.45. 6.00. 6.15. 6.30. 6.45. 7.00. 7.15. 7.30. 7.45. 8.00. 8.15. 8.30. 8.45. 9.00. 9.15. 9.30. 9.45. 10.00. 10.15. 10.30. 10.45. 11.00. 11.15. 11.30. 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The Management Page

EDITED BY CHRISTOPHER LORENZ

A. H. Hermann reports on how, increasingly, legal solutions are being sought in industrial disputes

A field day for judges

INCREASING difficulty which those who are responsible for orderly industrial relations but have no power to reach agreement those who have no power but plenty of ability to make a field day of it. The question is a small factory should be a trade union goes up to the Chief Justice and no one lesser. Lord Justice Scarman of the Court of Appeal will do it and need to find some facts of the conditions of work in a factory.

It is regrettable that those who are asked to do the job of arbitrators, trade unionists, employers' organisations and arbitrators, one probably has to be grateful, for it is a sign of embittered parties to dispute that pickets and police are not being killed. There is a hope that when Lord Scarman will tell them that peace will prevail. One has to be thankful for the grace.

New role

The new role of judges in disputes between trade unions and employers reflects the growing role of industrial disputes which the management is the onlooker, albeit one who pays the bill. This role has been illustrated by a High Court decision last week which received much publicity for its role in personnel managers.

It concerned Mr. Keith Walsh and Mr. Charles Jobson, both members of the headquarters staff of the Amalgamated Union of Engineering Workers. They were employed by the union as clerks, and accordingly joined the Association of Professional, Clerical, Executive and Computer Staff (Apex). Some years later, in 1974, a dispute developed between the two unions and Mr. Hugh Scanlon ruled that the headquarters staff of the union should belong to it and not to Apex. The two clerks complied and joined AUEW. However, Apex protested against this "poaching" and in the end the two unions agreed to divide the AUEW headquarters staff between them so that five people would be returned to Apex, including the two plaintiffs. They were summoned to Mr. John Boyd, general secretary of AUEW, and told that they would be removed from the union's membership.

The two clerks felt it was not right to be moved at the whim of the unions from one to the other without even being asked whether they agreed. When their complaint came before Mr. Justice Brightman in the Chancery Division, the AUEW submitted that the executive had the power to effect a pre-emptory termination of membership if it was in the union's interest and that it was in its interest to reach a compromise with Apex.

But the judge thought otherwise. He declared the termination of the two clerks' membership invalid and void. Union membership, he said, was increasingly a necessity of life for an employee. Mr. Walsh and Mr. Johnson had the

alternative of Apex membership but there may be no such alternative in another case. Sometimes it was a case of no union membership, no employment, and accordingly the termination of a person's membership and so to throw him out of work.

Some good

Let someone should be tempted to moan about the "English disease," let us say immediately that industrial disputes increasingly occupy the highest courts also in Germany, the cradle of orderly industrial relations since Bismarck's day. One of their interventions in a DM300m. affair may even bring some good to British air companies and tour operators.

This potentially rewarding court case concerns the 1973 strike or "go slow" of German air controllers. The dispute crippled flights to and from Germany in the height of the holiday season and some British air carriers and tour operators probably suffered as a result, in lost profits, if nothing else. They also may have suffered in some way as a result of the inability of their German partners to perform contracts.

As strikes, wars and civil commotions are usually in the same escape clause of a contract as "acts of God," it seemed that very little could be done to retrieve the losses. In Germany, however, even God can be made answerable in court for His acts, and mindful of the right to proper policing guaranteed to German citizens by their Fundamental Law, the Luftthansa, tour operators and airports decided to sue the Bonn government for

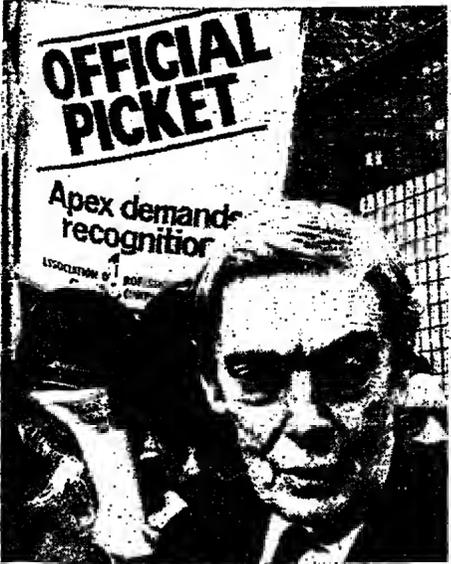
failure of its servants, the air controllers, to provide proper policing of the air traffic in the hot summer 1973.

One of the three test cases which reached the Federal Supreme Court in Karlsruhe has now been decided. In a remarkable judgment (ZR 179/75 of 18 June 1977) the Court decided in favour of the tour operator which the Federal Government will have to compensate for loss sustained and profits missed. The full text, containing grounds for this decision, has not yet been published and it is therefore impossible to say at this stage whether the decision will benefit directly or indirectly non-German parties whose business was curtailed by the strike.

As the decision was based on the Fundamental Law, which provides primarily protection to German citizens and residents, it would be premature to jump to a conclusion that the decision would enable foreign companies to make similar claims. But their German partners should be in a better position to compensate them for non-performance of contracts.

Add to claims

The damages claimed by the tour operators, who have already won their test case, is estimated to be in the range of DM.10m. If the other two test cases are decided, as can be expected, in the same way, the airports will add to the largest German airport Rhein/Main estimates its loss caused by the air controllers' strike at DM.10m. But the largest bill and insurance, have asked the



Lord Justice Scarman, chairman of the Grunwick inquiry, on his recent fact-finding visit to the factory.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Redundancy pay

On April 5, 1975 I decided to cease trading and in May 1976 I received an additional assessment from the tax inspector subject to final accounts being submitted. A few days later I sent accounts to substantiate my appeal against this assessment and bearing it had not been received, sent a copy in September. To this the Inspector replied in September disallowing redundancy payments to two employees, classed as self-employed for tax purposes. I protested in October, had no reply until January 1977, when I sent a further letter to the Inspector. He again disallowed the appeal and adjusted the assessment in May 1977 in accordance with his decision. I at once paid. I have now been charged interest from May 1976 to May 1977.

(a) Do you think the Inspector is correct regarding the disallowance? (b) Should I be penalised in interest by the Inspector failing to reply promptly to my letter?

(a) The Inspector is almost certainly right. Ex gratia payments of this kind generally qualify for tax relief (under section 130 of the Income and Corporation Taxes Act 1970) as being "money wholly and exclusively laid out or expended for the purpose of the trade, profession or vocation," on the grounds that the fact that one treats former employees reasonably assists in the retention of current employees and in the recruitment of new ones. Where the trade is being discontinued, however, these grounds cannot be invoked and so ex gratia payments (outside the statutory redundancy scheme) made in circumstances like yours can almost never satisfy the requirements of section 130.

(b) The Inspector is undoubtedly at fault in taking

How to fix a market rent

A tenant has a shop lease with provision for rent revision every five years, and this is to be the "market" rent, if higher than the existing rent. There is nothing to say how the market rent is to be determined, and the tenant will not agree in our proposal as to how to give it. What, please, is our position?

If the rent cannot be agreed it would seem that the Court must determine it, unless the lease contains a general clause submitting disputes to arbitration (in which case that machinery can be invoked).

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

ENSIONS BY ERIC SHORT

better benefits possible with lifting of restrictions

FEATURE of last week's from Mr. Denis Healey, Chancellor of the Exchequer, received very little attention that at least all pay restrictions are to be lifted from improving pension level. The pensions industry have been heard. Now negotiations will be able to get down to realistic improvements in benefits.

The first stage of pay the Government banned pension improvements without genuine negotiations started prior to the enactment of the pay. This threw the pension into confusion since pension limits are governed by Inland Revenue orders. The accompanying table shows that the return on pension scheme is compared with the return on a bank deposit. In particular, the lump sum benefits on death in service, and the commutation option at retirement will now be worth something if pension is based on years of

	MINIMUM CONTRACTING-OUT UNDER PAY POLICY	CURRENT REVENUE LIMITS NOW ALLOWABLE
Retirement pension	1/60th of final salary for each year of service; maximum 1/20th. No allowance for back service.	1/60th of final salary for each year of service; maximum 1/20th. Full allowance for back service.
Widow's pension	Based on pension rights at date of death.	Based on member's full pension entitlement at retirement including back service.
Death in service	No lump sum benefits.	Lump sum up to four times salary at date of death.
Dependent's benefits	Minimal benefit levels.	At Revenue's discretion.

The other category of member who would have lost out badly if minimum contracting-out benefits only had applied would have been the person coming on to a company pension scheme for the first time. He or she would not have been able to get credit for previous service with the employer in ascertaining pension levels. This would have seriously affected the older blue-collar worker to whom contracting-out as it stood would have offered very little compared with staying in the State scheme.

The table shows that the Inland Revenue limits on pension benefits are far higher than the minimum contracting-out levels. In particular, they allow full back service, a decent level of widow's pension, and lump sum benefits on death in service. In addition, the commutation option at retirement will now be worth something if pension is based on years of

Looking at Leicester No 15

Australians play at Leicester this week. Besides big Leicester offers First Division soccer, top rugby, athletics, speedway, cycling, motor racing, home racing. Don't go where you will be stumped for anything to do—look at what Leicester has to offer.

Enquiries to: Gordon K. Smith Esq., City Estates Surveyor, New Walk Centre, Walkford Place, Leicester, LE1 6ZG. Telephone (0533) 549822 Ext. 6780.

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These bonds have been sold outside the United States of America. This announcement appears as a matter of record only.

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Difficult times for British Steel

BY ROY HODSON

THE TENTH anniversary of the nationalisation of the 14 biggest British steelmaking companies...

Far Eastern makers. Even South Korean coiled sheet steel has been seen in British stockists recently...

which will be entirely replaced by basic oxygen steelmaking in most countries by the early 1980s...

The only steelmaking division to make a profit was Sheffield which returned £19.5m after interest on 3.5m tonnes of steel produced...

THE KEY FIGURES

Table with 4 columns: Division, Liquid steel production (m. tonnes), Profit (Loss) after interest (£m), Capital exp. (£m). Rows include Scottish, Scunthorpe, Sheffield, Teesside, Welsh, and Tubes Divisions.

are less than some of its competitors it has arrived at a serious financial position. Forced up against the limits of its borrowing powers...

comes into use over the next three years Scotland's steel production should rise swiftly to more than 4m. tonnes a year...

The financial picture of British Steel unveiled yesterday when the annual report and accounts were published was grim enough. Even worse is the commercial picture.

Heavy steelmaking has suffered more than other sectors in the recession as the poor results from the Teesside iron show. On 3.3m. tonnes of steel produced the loss was £24.1m...

Modest profits are being made upon the corporation's growing volume of exports. Some product leaders are doing particularly well in overseas markets.

All but one of British Steel's five steelmaking divisions made losses in 1976-77 as the accompanying table shows and it is feared that the current pattern will be repeated.

Yet that is cold comfort when more than four-tenths of the domestic steel market continues to be supplied from European, American, South African and

planning about the heavy load-bearing of commercials in the TV coverage of the present Australian tour of England.

Setback for Rhodesia

MR. IAN SMITH'S decision to call a snap general election has two primary objectives. The first is to restore his political authority among the whites of Rhodesia...

MR. IAN SMITH'S decision to call a snap general election has two primary objectives. The first is to restore his political authority among the whites of Rhodesia...

One cannot exclude the possibility that Mr. Smith will continue to spin out his time. Its share of the home market to-day is 56.5 per cent. That is 4.5 per cent. better than two years ago when the corporation's commercial fortunes were at a low ebb...

Reorganisation of electricity

THE PLOWDEN Committee published its recommendations about reorganisation of the electricity supply industry at the beginning of last year: its main finding was that a new Central Electricity Board should be created to take over the responsibilities of the Electricity Council, the Central Electricity Generating Board and the 12 area Boards.

Once the recommendations had been made, however, the Government had a responsibility not to leave the industry in a state of uncertainty for any longer than necessary. Mr. Wedgwood Benn immediately voiced a number of doubts, centring not only on the dangers of creating an over-centralised colossus...

More recently, it has been reported, progress in elaborating a policy for the electricity industry has been held up by which Mr. Benn described Mr. Benn's wish to exercise a direct influence not only on the central body but on the local only one tenable issue. That operating bodies. His statement yesterday certainly does not suggest that the Government's tentative thinking about this matter is yet complete.

MEN AND MATTERS

Chip off the old block. Deep doctrinal differences have been simmering in the stockbroker belt ever since the British Communist Party came up with a new draft programme incorporating what can be broadly described as an anglicised form of Euro-communism.

Party secretary Gordon McLennan chose last week-end as the start of his summer holidays and although he did bother to phone assistant secretary Reuben Falber to discuss the matter they decided that it was not important enough for McLennan to spoil a well-deserved holiday.

The Legacy Check List

May we suggest some additions to the considerations you generally apply to making bequests. In the changing conditions of today, we believe that it is wise to add the following questions:

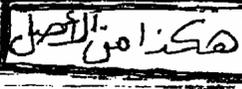


Sir Charles Villiers: frank commentary.

term sales opportunities do not exceed 20m. tonnes a year and to 60,000 men and could produce 2m. more tonnes than at present existing plants. Sir Charles offered a glimpse of light at the end of British Steel's long, dark tunnel when he discussed the crisis yesterday. The present problem were by no means insurmountable, he said, for the following reasons.

Does the charity serve those in the greatest need, now and in the future? Old people suffer the greatest deprivation almost everywhere—their health, housing, warmth and loneliness are usually at the end of the queue. Time is not on their side—Help the Aged is.

Vertical text on the right edge of the page, including 'Boni', 'The News', 'Letters', and 'Realignment accountancy'.



Why Bonn fights higher EEC Budgets

By JONATHAN CARR, Bonn Correspondent



Herr Apel, a Finance Minister who has problems over "states' rights."

ARE THE Germans going to pay up? The usual question is being asked as representatives of the nine European Community states gather in Brussels today for talks on the Budget for the coming year. It will probably not be long before the usual answer emerges. The delegate of the Federal Republic—the so-called "Paymaster of Europe"—is likely to wield his red pencil as vigorously as ever, while the European Commission glowers in the background.

Value

Two explanations are usually offered for the German stand. The first is that in spite of its loud support for Community ideals the Federal Republic is chiefly concerned with keeping as much wealth to itself as possible. No doubt there is something in this—although it hardly applies to Bonn alone.

The second is that the Germans genuinely seek a united Europe and would be ready to pay much more for policies they believed would bring this about. But they do not think the present ones will lead there nor do they see much hope of change in the near future—so they concentrate instead on getting value for the money they cannot avoid paying.

But there is a third explanation—less often noticed but perhaps the most important. Thanks to their federal system the Germans have big and increasing problems in meeting their international financial commitments. This sounds odd since the Federal Republic is rightly seen as one of the wealthiest of nations. But it is true none the less. If overnight the

Common Agricultural Policy (CAP) could be reformed, if the Community Regional Policy could be turned into more than a transfer of money from Brussels and the Social Fund could drastically reduce unemployment, if a Common Energy Policy could emerge guaranteeing protection against non-European economic and political pressures—if, in short, the Community were to turn into a German dream of Utopia, the Bonn Government would have the gravest difficulties in paying its share of the added bill.

Those who believe in a future federal Europe often, with good reason, point to the success of the Federal Republic since it came into existence in 1949. The Germans have a central government looking after matters like foreign affairs and defence, they have devolution of power bringing increased regional competence and helping to reduce regional tensions—and they have a voting system which mixes direct election with proportional representation.

The Basic Law

But the division of power also means a division of financial responsibilities—both in the raising of funds and the distribution of them. This is explicitly provided for under the Basic Law—the Federal German Constitution—and it is where the trouble emerges.

The Basic Law was drawn up under the influence of the Allied occupation forces who, in the wake of Hitler's defeat, wanted to ensure that never again would too much power fall into the hands of a central

German administration. Few today dispute that general aim. But there are many, including the Federal Finance Minister, Herr Hans Apel, who feel the pendulum has swung too far, favouring excessive weight in the laender, the federal states, and too little to the Federal Government in Bonn.

Herr Apel holds that over the years the laender have been able to strengthen their financial hold so that Bonn has been manoeuvred into an almost impossible position. Naturally the 11 laender contend that Bonn is too fond of poking its nose into their affairs and ask whether the situation in neighbouring, non-federal states indicates the system there is really better. But Herr Apel's point is well made. The Federal German Government can decide on its annual budget proposals, it can push them through the Bundestag—but it cannot alone decide on the tax measures needed to ensure the necessary funds are available.

On its own behalf the Federal Government can only adjust the rate of a series of smaller taxes—for example on spirits, tobacco and movements of capital. But on major taxes which bring in 85 per cent of revenue, like wage and income tax and value added tax, it can only move in agreement with the laender. Furthermore, the laender representatives have their own parliamentary chamber, the Bundesrat, where they can veto major budget proposals, which fall directly into their area of competence. As an added difficulty for Herr Apel, the Bundesrat is dominated by the parties which form the Opposition to the Government in the Bundestag. It is all part

of a system of checks and balances which, in Herr Apel's view, consists primarily of checks.

Are the laender really able to benefit at the expense of Bonn? Figures over the last decade, as well as recent experience, suggest that they are. In 1967, some 55 per cent of total German tax revenue fell to Bonn. Now it is about 49 per cent. Today Bonn can cover only 96 per cent of its expenditure through current revenue while the laender and municipalities cover 94 per cent of their own spending.

Concessions

At the start of this month, Herr Apel and Chancellor Helmut Schmidt met Prime Ministers of the laender to discuss how the revenue from a 1 per cent increase in VAT next year should be divided up. Herr Apel had wanted a 2 per cent VAT rise but the Opposition was not prepared to accept this. So instead Herr Apel sought a rise in the Federal Government's share of VAT revenue. Normally 69 per cent would go to Bonn and 31 per cent to the laender. Herr Apel sought 82 per cent—an extra DM30bn. In the event he not only failed to get a bigger share but actually had to make other concessions too to the laender. Herr Schmidt, fearing there might be no agreement at all, finally supported the laender view. Herr Apel seriously considered resigning but was persuaded by friends not to do so.

The upshot is that next year the Finance Ministry now expects to need about DM25bn

in credit to balance its books against the DM19.7bn envisaged part of it.

Why doesn't the Federal Government simply borrow more if the economic situation or an international emergency demands? There are constitutional problems here too. Article 115 of the Basic Law says that "revenue obtained by borrowing shall not exceed the total expenditure for investments provided for in the Budget: exceptions shall only be permissible to avert a disturbance of overall economic equilibrium." The measures designed to boost economic growth—like the room for DM18bn public investment programme passed by the Cabinet earlier this year. It is a point not always recalled by those urging the Germans to go in for a brisk refutation.

Meanwhile, Bonn's international financial commitments increase. The Germans will do their best to ensure that the EEC Commission does not get the 22 per cent increase it is looking for in the Community Budget next year. But there will obviously be some rise and the German contribution must come wholly from the Federal Government's funds, not laender revenue. The same goes for German contributions to the United Nations.

Further, its public finance structure makes the Federal Republic ill-placed to react to short notice to international demands for funds in an emergency. Herr Apel himself cites the so-called Kissinger Fund plan of 1974, intended to benefit Western nations thrown into serious difficulties through the oil crisis. While Bonn supported the idea, it was constitutionally impossible for it to pledge a contribution to it from the Federal Budget. In the end the OECD did the borrowing

and Bonn gave a guarantee for it.

Why doesn't the Federal Government simply borrow more if the economic situation or an international emergency demands? There are constitutional problems here too. Article 115 of the Basic Law says that "revenue obtained by borrowing shall not exceed the total expenditure for investments provided for in the Budget: exceptions shall only be permissible to avert a disturbance of overall economic equilibrium." The measures designed to boost economic growth—like the room for DM18bn public investment programme passed by the Cabinet earlier this year. It is a point not always recalled by those urging the Germans to go in for a brisk refutation.

Reserves

It is sometimes suggested that more use could be made of those DM38bn in reserves on which the Bundesbank is sitting in Frankfurt—like Fafner meditating on his hoard. Could part of this be released? The answer is that quite a lot has been—for example the \$2bn bilateral credit to Italy in late 1974, since renewed, and the loans through the EEC medium-term monetary assistance scheme. But the Bundesbank is an independent and powerful institution inclined to pride itself on a perspective longer and perhaps more balanced than that in Bonn. The Government cannot simply call on its assets at will.

Even those aware of all this may incline to impatience, suggesting the world cannot wait for one of the most powerful of countries to sort out its internal

administrative and structural difficulties. They have an ally in Herr Apel who says exactly the same. But what is to be done? Most Germans have grave reservations about altering the Constitution, fearing this might raise worse problems than it would solve. Perhaps there should be a new definition of the tasks falling to the Federal Government and the laender and an attempt to correct the imbalance which has emerged over the years. But it is unlikely that the trend could be easily reversed, that advantages gained by the regions will be surrendered—especially at a time of economic difficulty for all.

A wider foreign policy implication flows from this. The Bonn Government feels it takes into account the difficult international situation of its neighbours—the British Government's need to bring down inflation and placate the trade unions, the French President's inadequate room for manoeuvre between Left and Right. That obviously does not mean that Bonn just gives up its own position but it makes allowances for the problems of others. On the other hand the internal German situation is generally seen from the outside as rosy and expectations are high. Yet the truth is that the Bonn Government finds itself in a financial strait-jacket apparently invisible to its friends and allies. It is a situation which could easily lead to a chain reaction of misjudgment, excessive demands and defensive reaction whose implications go well beyond talks about the Community Budget.

Letters to the Editor

Raise dividend limitation

From Mr. D. Roper.
Sir,—You report (July 16) that the Chancellor maintains dividend limitation at 10 per cent. Why does not a Member of Parliament move an amendment for a reasonable increase to 15 per cent? If moved by (say) Mr. Pardo, such a small increase has a more than reasonable chance of success. Would not the prime beneficiary be HM Treasury?
D. H. Roper.
Heath End,
The Common,
Chipperfield, Herts.

New issue market

From Mr. S. Knott.
Sir,—I read with interest Lex's column (July 18) on the new issue market. I must disagree with some of the statements.
Lex suggests that the minimum pre-tax profit for a new issue should be £1m. Last year my firm acted as the broker to a security company who was financing pre-tax profits of £250,000. The company was right in the market and has had an above average growth in share price.
Lex suggests that issue expenses are likely to be high. My own estimate for a £1m placing would be around £35,000 or 7 per cent of the money raised. Expenses could amount to 10 per cent in a small offer for sale but this is not usually recommended when it is possible to arrange a placio or an introduction.
Lex suggests a price/earnings ratio figure of around 5. This is an area in which I am sure we should disagree. Different sectors command different ratings. I would, however, advise a company with an above average record of growth and with a reasonable anticipation that growth would continue to look for a price earnings ratio of 5.
My experience suggests that a medium sized company with a good return on assets should have a reasonable market in its shares. There is considerable institutional demand for such a company and there is usually no difficulty in placing a line of shares.
In conclusion may I say that the Stock Exchange welcomes medium sized companies with good prospects of growth. It is in the national interests that this type of company should be encouraged and I hope that the prospective newcomers to the market will not be discouraged by the sentiments echoed in the Lex column.
S. H. J. A. Knott.
Greens and Co.,
Finsbury House,
22, Blomfield Street, E.C.2.

Independence of auditors

From Professor Edward Stamp.
Sir,—Mr. David Hobson's article (July 14) on British auditing standards stresses the fact that an auditor must not only be independent, he must be seen to be independent. It is therefore encouraging that Mr. Hobson believes that the profession should introduce a clear

prohibition of share holdings by auditors in client concerns.
The prohibition should extend to trustee holdings, as well as to beneficial holdings, and it is a pity that Mr. Hobson does not make this clear. Although most of the major British auditing firms have rules prohibiting beneficial shareholdings in clients, trustee holdings are permitted in a number of cases. Yet if an auditor adequately discharges his responsibilities as a trustee it may be seen to impair his independence as much as if he had a beneficial shareholding.

The continued failure of British professional bodies to prohibit auditors from having beneficial and trustee shareholdings in clients is both inexplicable and inexcusable. I cannot accept that the recent vote against the English Institute on current cost accounting justified any further delay on the ground that it would be resented by the membership. Independence is not a technical issue. It is a moral issue and may well become a legal issue. If the profession will not act then legislation should be introduced.

As Mr. Hobson's senior United States partner (Mr. Philip Deffense) put it in 1974, "The British have been operating their institutional arrangements with a combination of naïvete and arrogance. Mr. Deffense was right in 1974, and it looks as if he is still right to-day."
Edward Stamp,
University of Lancaster
International Centre for
Research in Accounting,
Gillow House,
Bailrigg, Lancaster.

Realignment in accountancy

From Mr. P. Newitt.
Sir,—While by no means surprised at the result of the chartered accountants' vote, I am astounded to see the outcome described in certain sections of the Press as a "victory". A victory for what—ultra conservatism, or the death-throes of the small professional practice, violently resisting being dragged into the 20th century?
What are the shortcomings of exposure draft 18, in its considerable over-elaboration of the practical elements of implementing current cost accounting? There is no doubt in my mind that the violent reaction by members of small firms has come from the fear of their own inability to efficiently cope with CCA with their present heavy reliance on article clerks for the currently accepted "tick-and-plonk" audit for smaller clients.

The arguments put forward that average companies "do not need" CCA hardly bear examination in the light of the disastrous history of bankruptcies and liquidations in this sector caused by diminution of capital in real terms and the failure to conserve funds to replace worn-out plant and machinery. The argument that the average small business owner "cannot understand historic accounts, let alone CCA," can only be an appalling reflection on the communication ability of their professional advisers, which facet of his profession any accountant in industry or commerce would consider to be of paramount importance.
The fact that the Government has already made moves to take the issue out of the hands of the profession must be taken as a serious warning as to the credibility of the accountancy profession as it stands.

Having regard to the fact that it was undoubtedly a similar faction of backwoodsmen of the English Institute who effectively blocked the earlier attempts to integrate the profession, would this not now be a most opportune moment to consider realignment of the whole profession, with the major professional firms and industrial members of the institutes integrating with the certified and cost audit management bodies?

The anti-CCA lobby could be comfortably left with its historical book-keeping function and potential clients and employers would then be left in no doubt as to the nature and quality of services that could be expected from their financial advisers.
P. J. Newitt, ACCA,
Director, Newmancroft
(Consultants),
Newham Lane, Badby,
Dorchester, Dorset.

Inflation is the problem

From Mr. P. Jacob.
Sir,—One of your headlines on July 9 was "Curbs on pay push living standards to four year low."
This unfortunately demonstrates that you are slipping into the upside-down thinking which is becoming too common for comfort. It is inflation (and not quite simply means rising prices), not pay curbs, that is pushing living standards down. Pay is rising very rapidly, by historical standards, and if inflation is under control living standards would be rising instead of falling.

Rising prices will only be brought under control if every person in the country has the will, and is prepared to make the effort, to see that prices are stable. It is inflation from the highest paid to the lowest paid, from those in positions of great responsibility to those with none, will need, consciously, to work towards this end. Otherwise, the consequences for the whole population in the years ahead do not bear thinking about.
P. R. Jacob,
Abingdon,
Shonkell, Co. Dublin.

Non-executive directors

From the Planning Director, Institute of Directors.
Sir,—Mr. Jackson in his letter of July 5 suggests that I lack concern for the country's economic health by suggesting that unsuccessful companies should be allowed to fail. Has he ever thought what would happen to a tree if every blossom set fruit? The "June drop" is nature's device to select the best and ensure its growth.
Mr. Jackson also suggests that I have confused direction with executive management even though the main point of my earlier letter was to suggest that a career spent in functional management was not necessarily the best preparation for a seat on the Board. I certainly have no general quarrel with his definition of the duties and responsibilities of the Board and therefore, its non-executive members.
The Institute of Directors recommends non-executive directors to be appointed primarily because they are independent men of weight, whose judgment and independence may be relied

upon to strengthen the Board as an effective team. If they have exceptional expertise in a particular area, so much the better, but judgment and independence are the most important. These are moreover the main characteristics which I would ascribe to true professionalism, and it is by possessing these, not by possessing the outward trappings of professionalism, that the professional director is to be recognised. Among outward trappings I would number both accreditation by an approved body as Mr. Jackson suggests and the formation of "professional practices" of non-executive directors which Mr. Chudley and his colleagues have attempted to pioneer.

This is not to say that training and perhaps, accreditation have no part in developing better directors. But it must be training against a clear understanding of what the role of directors, executive and non-executive alike really is. Like all good professional education, it should be firmly rooted to practical experience.
E. A. S. Hutchinson,
10, Belgrave Square, S.W.1.

Industrial strategy

From Mr. H. Coxon.
Sir,—I was interested to learn from Mr. Bernard Asher's letter (July 12) in response to mine of July 6 that NEDO has for the last 18 months been considering overseas market development in relation to individual product sector groups. It must be difficult for these sector working parties if there does not exist some broad framework of overseas industrial strategy against which to consider their various options.
I note from S. Marks' letter (July 8) that he is also seeking a clear forward plan for programming our future business mix and hence product mix... based on the matching of our "major skills and strengths" to a "manufacturing nation" to world market demand. Mr. S. Marks refers to the U.K. "triumvirate" of Government, CBI and NEDO. Here, therefore, he seems to agree with me that the development of such a broad industrial strategy should have the attention of NEDO.
H. K. Cnwan,
"Svaldon,"
Park View Road,
Pinner Hill, Pinner, Middx.

Control over prices

From the Director-General, Food Manufacturers' Federation.
Sir,—Of course keeping down inflation and moderating the general level of price increases is in the interests of food manufacturers as well as of consumers. As Mr. Michael Young suggests (July 13) this probably depends upon maintaining sales volume, among other factors.
But members of this federation are not so naïve as to think that they, the Government, or even the National Consumer Council can guarantee (Mr. Young's italics) that this will be done. On average, nearly three-quarters of their selling price for their products is made up of 500-200-in packaging, over which they have no control.
J. C. Coffin,
3, Castle Lane,
Buckingham Gate, S.W.1.

To-day's Events

House of Commons debates Government's economic package.
CBI Council meets.
Organisation for Economic Co-operation and Development (OECD) ad hoc committee on steel meets in Paris.
Report of Post Office Review Committee published.
British Medical Association conference continues, Glasgow.
Lord Mayor of London and his Sheriffs attend London Borough Mayors' Service, St. Paul's Cathedral, 5.30 p.m.
PARLIAMENTARY BUSINESS
House of Commons: Counter-inflation debate. Consideration of Lords amendments to Price Commission Bill and Water Charges Equalisation Bill.
House of Lords: Debate on the economic situation.
Select Committee: Nationalised Industries (sub-committee C). Subject: Regional Water Authorities. Witness: Wessex Water Authority (4 p.m., room 8).
OFFICIAL STATISTICS
Basic rates of wages and normal weekly hours (June). Monthly index of average earnings (May).
COMPANY RESULTS
British Sugar Corporation (half-

Condensed Statement of Condition The Fuji Bank, Ltd.

Condensed Balance Sheet		(March 31, 1977)	
		(\$ in 1,000)	(\$ in 1,000)
ASSETS			
Cash and Due from Banks	935,602,404	(3,373,972)	
Call Loans	50,543,401	(182,270)	
Securities	1,346,782,091	(4,856,769)	
Loans and Bills Discounted	6,168,027,910	(22,243,159)	
Foreign Exchanges	796,804,296	(2,873,430)	
Domestic Exchange Settlement a/c, Dr.	174,005,267	(627,498)	
Bank Premises and Real Estate	138,317,840	(498,802)	
Other Assets	46,533,904	(167,810)	
Customer's Liabilities for Acceptances and Guarantees	1,241,125,133	(4,475,749)	
TOTAL	10,897,742,246	(39,299,467)	
LIABILITIES			
Deposits	7,434,911,204	(26,811,797)	
Call Money	430,372,371	(1,552,010)	
Borrowed Money	866,806,347	(3,125,879)	
Foreign Exchanges	56,769,236	(204,721)	
Domestic Exchange Settlement a/c, Cr.	155,990,291	(562,533)	
Accrued Expenses	154,978,213	(538,883)	
Unearned Income	53,352,955	(192,401)	
Other Liabilities	47,051,747	(169,678)	
Reserve for Possible Loan Losses	80,281,104	(289,510)	
Reserve for Retirement Allowances	40,416,971	(145,752)	
Other Reserves	26,483,341	(95,504)	
Acceptances and Guarantees	1,241,125,133	(4,475,749)	
Capital (Paid-up)	89,100,000	(321,313)	
Legal Reserves	18,954,917	(68,355)	
Other Surplus	201,148,516	(725,382)	
TOTAL	10,897,742,246	(39,299,467)	

Profit and Loss Account		(April 1, 1976 - March 31, 1977)	
		(\$ in 1,000)	(\$ in 1,000)
INCOME			
Interest on Loans & Discounts	470,507,020	(1,696,744)	
Interest & Dividends on Securities	93,092,952	(335,712)	
Fees & Commissions	24,482,692	(88,289)	
Other Income	71,585,602	(258,152)	
Transfer from Reserves	4,458,665	(16,079)	
GROSS INCOME	664,126,931	(2,394,976)	
EXPENSES			
Interest on Deposits	336,225,817	(1,212,498)	
Interest on Borrowings & Rediscounts	86,147,956	(310,667)	
General & Administrative Expenses	144,879,125	(521,463)	
Other Expenses	31,530,263	(113,705)	
Transfer to Reserves	3,346,968	(12,070)	
GROSS EXPENSES	602,330,129	(2,170,403)	
Profit for the Term before Tax	61,796,802	(223,573)	
Provision for Taxes on Income	35,086,145	(126,528)	
Profit for the Term after Tax	26,710,657	(97,045)	
Balances Brought Forward from Previous Term	3,369,859	(12,153)	
Undivided Profit at the End of the Term	30,280,516	(109,198)	

Note: U.S. Dollar equivalents are made at the rate of ¥277.30 per U.S. \$1, prevailing on March 31, 1977.

Japan's Leading Commercial Bank
FUJI BANK
Tokyo, Japan

Handwritten signature or stamp.

COMPANY NEWS + COMMENT

Johnson-Richards picks up in second half

IN THE second half of the year to March 31, 1977, Stoke based ceramic tile manufacturers, E. and R. Johnson-Richards, more than made up their first half leeway — when a decline from £2.89m. to £1.78m. was reported — and finished the year 20.27m. in front at £4.35m.

Earnings per 50p share are given at 34.1p (34p) and the final dividend payment is 3.825p net for a 5.426p (5.78p) total.

Company	Page Col.	Company	Page Col.
Armitage Shanks	17 6	International Paint	18 7
Astra Industrial	16 1	Johnson-Richards Tiles	16 1
Bids and deals	18 7	Jones Stroud	16 4
Birmingham Mint	16 5	Magnet & Southern	17 4
Brotherhood (P.)	17 5	Malton Trust	16 5
Coghans	16 7	Mining News	16 4
Electra House	16 4	M.L. Holdings	16 3
Equity & Law Life	16 4	Provincial Laundries	17 7
Fleming (R.)	19 1	Redifusion Hlgs	19 2
Green King	19 1	Status Discount	16 2
H.A.S. Properties	19 1	Time Products	17 5
H.A.T. Group	17 3	Ward & Goldstone	17 9
H.T. Investments	19 2	Whitebread	17 1

• **comment**

The key to Johnson-Richards' second half recovery — profits up 26 per cent. after a 26 per cent. fall at half way — end of the year, price rise in the U.K. last August. Before then the company was up against its reference level and faced dwindling profitability even on full capacity. Trends outside the U.K. are mixed, with the associates in India and Greece producing better than expected figures, but a poor trend in Australia and continued substantial losses in the U.S. The same trends are continuing in the current year, although it is hoped that the U.S. company will reach break-even by the end of the year. At 1976 the yield is 5.1 per cent. and p/e 5.7.

Astra Indl. hits peak with £0.8m.

ON TURNOVER up from £8.16m. to £9.47m., pre-tax profits of Astra Industrial group finished the year to April 30, 1977, ahead of £769,000 to a record £811,000. At mid-way, when profits stood at £369,000 against £311,000, the directors forecast continuing improvement in the second half.

Full year earnings are given as 3.32p (3.59p) per 10p share on capital increased by last year's one-for-ten scrip issue and one-for-three rights issue. Shareholders funds are shown at 16.5p (15.4p) per share.

As forecast the dividend total is 1p net on the increased capital with a final payment of 0.675p. Last year's total was equal to 0.6504p.

Group turnover	1977-78	1976-77
Operating profit	£33	£32
Investment income	80	51
Bank interest	84	84
Profit before tax	201	179
Tax	485	483
Net profit	485	326
Extraordinary debits	25	—
Dividends	120	65
Balance	251	228

A divisional analysis of sales and operating profits shows: engineering services £21.1m. (£5.24m.) and £539,000 (£577,000) and engineering products £2.26m. (£2.92m.) and £194,000 (£235,000).

The directors say that scrap processing and steel stockholding subsidiaries have come successfully through a difficult year. Some disruption preparatory to re-housing the engineering products division has affected its profitability. Development projects in hand should ensure the group is working towards another record year's profit, members are told.

Expansion at Status Discount

TURNOVER FOR the 28 weeks to June 11, 1977 at Status Discount expanded from £6.32m. to £7.7m. and profits advanced from £310,000 to £396,000 subject to tax of £294,000 against £163,000. After a deficiency of £133,000 relating to book values of properties sold and leased back, the net balance is £167,000 compared with £150,000.

The directors say that the improved performance in the first half suggests that provided the present level of business continues, full year results should show a considerable improvement for all 1977-78 pre-tax profits came to £756,726.

They report that they have continued the policy outlined in the Annual Report and during the first half have opened two new stores under the Status International name and converted five other existing locations. During the period they have also closed 15 smaller and less profitable outlets and are now operating 31 stores.

Sales of own-label kitchens and paint have again advanced in real terms and this advancement has made a significant contribution to the satisfactory results.

The interim dividend is held at 0.65p net on the basis of net of valuers, will absorb £45,500. Last year's total was 1.625p.

The group has been endeavouring to reduce long term indebtedness and the directors now report the successful sale and leaseback of two major stores for £9.83m. The leases are for 35 years with five yearly rent reviews and the initial rentals amount to £91,044 p.a. Sub-leases to third parties produce rentals of £64,000 p.a. The net deficiency of £133,000 is arrived at as follows: Book values of properties sold £1,079,000. Sale proceeds £885,000, making a loss on book value of £194,000, less a transfer from deferred tax of £39,000.

While there is a net deficiency related to book values the sale proceeds exceed original cost by £395,000. The effects of these sales and other smaller disposals during the period will be to reduce long-term borrowing from £1,778,112 to £682,263.

The working capital requirements of the company are adequate, members are told. There have been no changes in the directors' shareholding since December 31, 1976.

• **comment**

Status Discount appears to be furthering its recovery after the 1976-77 problems. With no significant price increases to boost turnover,

M. L. fall is cut to 12%

DESPITE a marginal second-half improvement, pre-tax profit of M.L. Holdings, the Slough-based aircraft, armament and general engineering group, fell by 12 per cent. from £382,000 to £330,000 in the year to March 31, 1977.

The directors point out that the reduction occurred entirely in the first half when pre-tax profit dropped from £259,049 to £162,067 due to a prolonged work-to-rule at M.L. Engineering, Slough.

Turnover for the year slipped from £11.34m. to £10.01m. After tax down from £297,000 to £265,000 net profit fell from £233,000 to £244,000.

A final net dividend up from 2.45345p to 2.34385p per 25p share raises the total from 3.46645p to 3.35585p costing £97,000 (£99,000).

M.L. Aviation at White Waltham has a record level of research and development contracts, the directors state. Already some of these are coming into production in considerable quantities.

M.L. Engineering at Plymouth should benefit from its Australian activities. It has recently received a sizeable railway signalling contract. It also has a substantial number of further enquiries in Australia and the Middle East.

The directors report that the group is investing more than £1m. in a new facility for Crown Foundry at Northampton and expects to be in production this year with a vacuum process. The first of its kind in the U.K. for the production of iron castings.

• **comment**

With the cost of a 20-week zero slow put at anything between £150,000 to £230,000, it is difficult

to estimate M.L. Holdings' current position in the light of the figures just released. Both the railway signalling division and the defence contracts side are apparently strong earners (the latter has not suffered from the defence spending cuts) and, if the significant upturn in preliminary R and D work is anything to go by, there should be some large production orders beginning to come through by the fourth quarter this year. However, it is slightly worrying that the group is spending £1m. (including grants) on a new piano frames foundry (even if this puts them in front of world competition) when turnover in this division is only £1m. The division yields an unexciting 84 per cent. at 74p.

Advance at Jones Stroud

AN INCREASE in second half pre-tax profit from £1.85m. to £1.22m. gave Jones Stroud (Holdings) £2.13m. for the year ended March 31, 1977, compared with £1.9m. in 1976. The group's profit is £1,111,100 to £1,082,000. At the directors forecast profits in excess of £2m.

Earnings per 25p share are shown ahead from 30.58p to 21.9p, and its overall dividend of 2.88p lifts the total from 3.8p to 4.16p, the maximum permitted. Holders of the "A" Ordinary shares receive their entitlement of 2.88p net of the £2.00 tax. After tax of £1,142,000 (£1,077,000), extraordinary credits of £151,000 (nil) and minorities' profit attributable emerged lower at £1,111,100 against £1,082,000.

Profits relating to the interest in J. and J. Cash acquired on October 25, 1976, have been included from the date of acquisition, the directors state.

The extraordinary credit comprise £200,000 in respect of surplus arising on consolidation of new subsidiaries £87 (£88 deficit), surplus arising on revaluation of opening stock £38 (nil), provision for possible losses on disposal of Irish subsidiaries £560 (nil), investment in associated company written off £102 (nil), group reorganisation expenses, less tax, £48 (£71, unreleased), and movements on £1.1m. (£1.7m) credit, additional depreciation £16 (nil), surplus on revaluation of property nil (£359), and loss on U.K. quoted investments nil (£71).

• **comment**

Jones Stroud has bettered previous peak profits of 1974-75 as it produces a record level of profits in the electrical division. The main recovery has come from the textile side where profit is up by about a quarter to match the contribution from the electrical side. This year the group could well be centred around margins, which have been falling for some years now both through acquisitions and poorer trading conditions. The sales of 10 stem from the fall in U.K. margins at around current levels of 10 per cent. With demand picking up on the electrical side and textiles maintaining the momentum, there is a good chance of a strong quarter this year. So the yield of 10.4 per cent. at 64p (where the p/e is 5) could look conservative.

Equity & Law's new business decline

The Equity and Law Life Assurance Society reports a drop in new business over the first half of this year compared with the corresponding period in 1976. Annual premiums on new business fell by 10.5m. to 16.6m. while new sums assured were 12 per cent. lower at £378m. However, single premiums over the period were one-third higher at £7.3m. reflecting the success of the company's entry earlier this year into the bond market.

The company states that these figures represent a change in the character of business being transacted with more emphasis on investment and less on the traditional type of contract. But it would take time for the changeover to be completed. The largest last autumn to a premium-related commission structure was accelerating this process of change.

Electra House

Gross revenue for the three months to June 30, 1977, at Electra House increased from £1.13m. to £1.53m. and profits increased from £908,000 to £996,000 before tax of £399,000 compared with £344,000. Pre-tax profits for the year to March 31, 1977, are £1,541,000.

Net assets per 25p share at June 30 stood at 122.1p (124.1p at March 31).

Another Electra House company, Gimbe Investment Trust, lifted gross revenue from £1.03m. to £1.4m. for the same period. Earnings were £399,000 (£318,000) before tax of £338,000 (£297,000) for all 1976-77 pre-tax earnings came to £6.86m.

At June 30 net assets stood at 117.7p per 25p share (113.5p at March 31).

RESULTS AND ACCOUNTS IN BRIEF

CALEDOonian ASSOCIATED CINEMAS — Turnover (£425,000 for year ended March 31, 1977) £1,212,000. Profit £243,000. Extraordinary credits £51,000 (£17,000). Earnings per share £1.33 (£1.03). Final dividend 1.26p (£0.90).

CITY OF BIRMINGHAM TRAMWAYS — Liquidator will make a further dividend of 1.26p (£0.90) on 12.5p shares.

DIXON (makers of com-tele) — Turnover for year to January 31, 1977, £24,200,000. Profit £1,100,000. Earnings per share £1.10 (£0.80). Final dividend 1.10p (£0.80).

ELECTRIC AND GENERAL INVESTMENT COMPANY — Dividend for year to March 31, 1977, already known. Market value £1,000,000. Dividend 1.26p (£0.90).

INTERNATIONAL INVESTMENT TRUST — Dividend for year to March 31, 1977, £1,100,000. Earnings per share £1.10 (£0.80). Final dividend 1.10p (£0.80).

WOLVERHAMPTON STEAM LAUNDRY — Results year ended March 31, 1977, already known. Group fixed assets £1,100,000. Dividend 1.26p (£0.90).

ISSUE NEWS AND COMMENT

Riley introduces shares and loan stock

Particulars have now been published concerning the introduction of the Ordinary capital of £500,868.50 in Ordinary 10p shares, plus the £159,981 of 12 per cent. Convertible Unsecured Loan stock 1988.

The company was incorporated on May 15, 1977 to effect the merger of Riley and Headcrest by making offers for Riley, other than the 25 per cent. owned by Headcrest, and the capital of Headcrest.

Riley which was originally incorporated in 1897 to manufacture and retail billiard tables and sports goods, added the operation of billiard halls to its activities in 1971. It also has a maintenance department and in 1954 diversified into upholstered furniture and chair frame manufacture, via two acquisitions. Early in 1977 the group started supplying and operating pool tables through its subsidiary Riley Pool.

Headcrest was incorporated in 1921 as an investment holding company. In 1972 it acquired another investment holding company, Tiedana and in June 1974 it purchased 25 per cent. of the Riley equity. Headcrest's two other wholly-owned subsidiaries are Westwood, which a receiver was appointed in 1976, and Kendon, which went into liquidation in March, 1979.

Between 1971-72 and 1975-76 Riley's turnover rose from £1,440m. to £2,710m. and its profits from £98,000 pre-tax to £278,000. In the six months to January 31, 1977, profits reached £252,000 on turnover of £2,256m. Headcrest's turnover for the 13 months to January 31, 1977, declined from £1,544m. to £93,000, while profits (excluding associates — mainly Riley) slipped from £71,000 to £9,000 after a peak of £113,000 in 1973 and a loss of £197,000 in 1974.

For the six months to January 31, 1977, the group showed a combined profit of £255,000 but it is making no forecast for the current year, stating that it does not intend to pay a dividend. For the year to July 31, 1978, it intends to recommend an aggregate dividend of 2.5p net (or 3.66p gross) with the interim to be paid in July and the final in the following January.

Dealings in the shares are expected to start on Friday.

Colne 7-year stock

The prospectus is published for the offer for sale by tender of £1m. 8 per cent. Redeemable Preference Stock 1984 in the Colne Valley Water Company at a minimum price of 98p per cent.

The shares are to be accompanied by a deposit of £10 per cent. should be received by July 26 with the balance payable on or before September 26. Tenders must be for a minimum £100 of stock and above that in multiples thereof.

The first dividend in respect of the period from July 26, 1977 to March 31, 1978 amounting to £4,225 will be paid on April 1, 1978. Thereafter, dividends will be paid on October 1 and April 1 with the last on August 1, 1984. The stock matures on July 31, 1984 at par.

Brokers are Seymour, Pierce and Co.

King & Shaxson

£2 Capital	1977-78	1976-77
Dividend	£1.75	£1.75
Profit before tax	305	281
Tax	118	111
Net profit	187	170
Minority loss	13	—
Dividends	120	65
Retained	67	—

Provision for closure costs of Broxley and related reorganisation expenditure.

Birmingham Mint below forecast

A fall in second half pre-tax profit from £181,000 to £138,000 gave the Birmingham Mint £263,500 for the year to April 2, 1977, against £261,000. At half-way, reporting a rise from £70,000 to £258,000, the directors stated that the indications were that this level of profit would be at least maintained during the second half.

Turnover for the year to April 2, 1977, was £1,100,000 (£1,070,000). Profit before tax £138,000 (£138,000). Earnings per share £1.38 (£1.38). Final dividend 1.38p (£1.38).

Unaudited net asset value at July 5 was 52.6p a share with a liability of 38p a share for capital.

Approaches to Malton

The chairman of Malton Trust, Mr. J. R. Henderson, told the annual meeting yesterday that, as disclosed in May, the Board has been taking active steps towards a liquidation or sale, whichever would be more beneficial to shareholders.

Tentative approaches have been received with regard to an offer for the Ordinary shares of the company currently capitalised at £4.6m. with the shares at 48p.

Unaudited net asset value at July 5 was 52.6p a share with a liability of 38p a share for capital.



Seen at yesterday's annual meeting of Whitebread is Mr. Alec Bennett (left), who announced he will retire from the chairmanship on December 31. With him is his successor, Mr. Charles Tidbury.

Warren Plantation Holdings Limited

Points from the Statement by the Chairman, Mr. Humphrey Salmon, at the Annual General Meeting of Warren Plantation Holdings Limited.

- * Pre-tax profits for 1976 increased by 144.5%. The fifth successive annual increase.
- * In the current year the Group is in a strong position to improve further on last year's results.
- * Dividend of 20p gross per share forecast for current year.
- * Development Policy progressing satisfactorily. New diversification into Palm Oil in Papua New Guinea.

Warren Plantation Holdings Limited

Summary of group results (£'000s)			
	1976	1975	1974
Turnover	15,913	9,655	7,125
Profit before Taxation	4,668	1,909	1,311
Earnings per share	44.98p	25.92p	16.56p
Dividend per share (Gross)	14.00p	10.38p	9.00p
Return on Capital Employed	34.77%	26.19%	19.24%

Warren Plantation Holdings Limited

New Address of Registered Office is: Sir John Lynn House, 5, High Timber Street, Upper Thames Street, London, EC4V 3HL.

Warren Plantation Holdings Limited

Strong progress has been maintained with turnover up by 23%. Overall barrellage was up by 10%. Our traditional Bitter was by far the best selling draught beer, with Abbot Ale also continuing to thrive.

We are confident our product range offers extremely good value and compares favourably with our competitors.

Our total budgeted capital expenditure in 1977/78 is £2.9m. which is equivalent to about 9% of our turnover.

Warren Plantation Holdings Limited

GREEN KING BREWERS — Bury St. Edmunds

MORE GROWTH

	1977	1976
	52 weeks to 1 May	52 weeks to 2 May
Turnover	£'000	£'000
Profit before tax	3,278	2,699
Taxation	3,613	2,774
Profit after tax	3,840	1,430

Dividend: Total distribution for the year is 9.9 pence per share (including tax credits) against 9.0 pence last year.

Warren Plantation Holdings Limited

King & Shaxson Limited

52 Canal Street 3rd Floor, City of London, E.C.4

Service Issue 19.7.77

Portfolio Income Offer 81.75

Portfolio Income Offer 81.75

Portfolio Capital Offer 116.00

Portfolio Bid 116.00

We turned the tap on in fifty countries last year

Last year, Armitage Shanks sold sanitary ware and fittings in 50 countries round the world. This global activity is a far cry from the single kiln in a remote Staffordshire village where we had our origin over a century and a half ago.

Armitage Shanks have established a worldwide reputation, not only for luxury bathroom suites for the home, but for a whole range of quality fixtures and fittings for hospitals, hotels, commercial premises and public buildings of all kinds.

A continuous programme of research and development keeps Armitage Shanks a leader in its field.

Extracts from the Chairman's Statement.

The building industry had taken a succession of blows which few other sectors could have endured, said Mr. Kennedy Campbell in his statement to shareholders. Market conditions in the construction industry in the U.K. had remained at a very low ebb during the year although export markets were maintaining the recovery begun in the second half of the year.

There had been no immediate benefit from the policy of increasing stocks and the profit before tax at £2,297,132 compared with £2,717,074 for the previous year, on a turnover increased from £31 million to £36 million. The total dividends for the year, including tax credits, are the same as those of last year.

Mr. Kennedy Campbell concluded: "If hard work, care and application to the job are the remedies for our present problems, my belief that the future is brighter, is assured."

Armitage Shanks

Better Bathrooms

Head Office: Armitage Shanks Group Limited, Armitage, Staffordshire.

You haven't much time to read this.

Hogg Robinson (Life & Pensions) Ltd
1-5 Rangoon Street, London EC3N 2BY
Telephone 01-709 0678 Cable Address: LONDON EC3 Telex 867746

Urgent - Chief Executive

Dear Sir
PENSIONS

Are you still undecided about the new earnings related State Pension Scheme?

According to the Occupational Pensions Board, only a few employers have elected to contract out of the new Scheme.

If your firm has not yet made a decision, the Board's Chairman, Lord Allen, urges you to consult immediately with pensions advisers such as ourselves.

We would be very glad to talk to you and we ask you to remember that any further delay could cost you, and your employees, much in pension contributions.

Yours faithfully

Kenneth G Weir
Kenneth G Weir
Managing Director



Hogg Robinson (Life & Pensions) Ltd,
1-5 Rangoon Street, London EC3N 2BY
Telephone 01-709 0678

NOTICE OF REDEMPTION

To the Holders of NEW ZEALAND

9 1/4% Bonds due 1982
(due August 15, 1982)

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected for redemption on August 15, 1977 at 100% of the principal amount thereof the operation of the Sinking Fund, \$2,000,000 principal amount of said Bonds bearing the following distinctive numbers:

1-4	3016	6227	9232	11562	17339	15718	17898	19669	21883	23744	26787	27658	30902	32317	34388	37061
15	3111	6840	9233	11566	17343	15723	17903	19674	21888	23749	26792	27663	30907	32322	34393	37116
16	3112	6841	9234	11567	17344	15724	17904	19675	21889	23750	26793	27664	30908	32323	34394	37117
17	3113	6842	9235	11568	17345	15725	17905	19676	21890	23751	26794	27665	30909	32324	34395	37118
18	3114	6843	9236	11569	17346	15726	17906	19677	21891	23752	26795	27666	30910	32325	34396	37119
19	3115	6844	9237	11570	17347	15727	17907	19678	21892	23753	26796	27667	30911	32326	34397	37120
20	3116	6845	9238	11571	17348	15728	17908	19679	21893	23754	26797	27668	30912	32327	34398	37121
21	3117	6846	9239	11572	17349	15729	17909	19680	21894	23755	26798	27669	30913	32328	34399	37122
22	3118	6847	9240	11573	17350	15730	17910	19681	21895	23756	26799	27670	30914	32329	34400	37123
23	3119	6848	9241	11574	17351	15731	17911	19682	21896	23757	26800	27671	30915	32330	34401	37124
24	3120	6849	9242	11575	17352	15732	17912	19683	21897	23758	26801	27672	30916	32331	34402	37125
25	3121	6850	9243	11576	17353	15733	17913	19684	21898	23759	26802	27673	30917	32332	34403	37126
26	3122	6851	9244	11577	17354	15734	17914	19685	21899	23760	26803	27674	30918	32333	34404	37127
27	3123	6852	9245	11578	17355	15735	17915	19686	21900	23761	26804	27675	30919	32334	34405	37128
28	3124	6853	9246	11579	17356	15736	17916	19687	21901	23762	26805	27676	30920	32335	34406	37129
29	3125	6854	9247	11580	17357	15737	17917	19688	21902	23763	26806	27677	30921	32336	34407	37130
30	3126	6855	9248	11581	17358	15738	17918	19689	21903	23764	26807	27678	30922	32337	34408	37131
31	3127	6856	9249	11582	17359	15739	17919	19690	21904	23765	26808	27679	30923	32338	34409	37132
32	3128	6857	9250	11583	17360	15740	17920	19691	21905	23766	26809	27680	30924	32339	34410	37133
33	3129	6858	9251	11584	17361	15741	17921	19692	21906	23767	26810	27681	30925	32340	34411	37134
34	3130	6859	9252	11585	17362	15742	17922	19693	21907	23768	26811	27682	30926	32341	34412	37135
35	3131	6860	9253	11586	17363	15743	17923	19694	21908	23769	26812	27683	30927	32342	34413	37136
36	3132	6861	9254	11587	17364	15744	17924	19695	21909	23770	26813	27684	30928	32343	34414	37137
37	3133	6862	9255	11588	17365	15745	17925	19696	21910	23771	26814	27685	30929	32344	34415	37138
38	3134	6863	9256	11589	17366	15746	17926	19697	21911	23772	26815	27686	30930	32345	34416	37139
39	3135	6864	9257	11590	17367	15747	17927	19698	21912	23773	26816	27687	30931	32346	34417	37140
40	3136	6865	9258	11591	17368	15748	17928	19699	21913	23774	26817	27688	30932	32347	34418	37141
41	3137	6866	9259	11592	17369	15749	17929	19700	21914	23775	26818	27689	30933	32348	34419	37142
42	3138	6867	9260	11593	17370	15750	17930	19701	21915	23776	26819	27690	30934	32349	34420	37143
43	3139	6868	9261	11594	17371	15751	17931	19702	21916	23777	26820	27691	30935	32350	34421	37144
44	3140	6869	9262	11595	17372	15752	17932	19703	21917	23778	26821	27692	30936	32351	34422	37145
45	3141	6870	9263	11596	17373	15753	17933	19704	21918	23779	26822	27693	30937	32352	34423	37146
46	3142	6871	9264	11597	17374	15754	17934	19705	21919	23780	26823	27694	30938	32353	34424	37147
47	3143	6872	9265	11598	17375	15755	17935	19706	21920	23781	26824	27695	30939	32354	34425	37148
48	3144	6873	9266	11599	17376	15756	17936	19707	21921	23782	26825	27696	30940	32355	34426	37149
49	3145	6874	9267	11600	17377	15757	17937	19708	21922	23783	26826	27697	30941	32356	34427	37150
50	3146	6875	9268	11601	17378	15758	17938	19709	21923	23784	26827	27698	30942	32357	34428	37151
51	3147	6876	9269	11602	17379	15759	17939	19710	21924	23785	26828	27699	30943	32358	34429	37152
52	3148	6877	9270	11603	17380	15760	17940	19711	21925	23786	26829	27700	30944	32359	34430	37153
53	3149	6878	9271	11604	17381	15761	17941	19712	21926	23787	26830	27701	30945	32360	34431	37154
54	3150	6879	9272	11605	17382	15762	17942	19713	21927	23788	26831	27702	30946	32361	34432	37155
55	3151	6880	9273	11606	17383	15763	17943	19714	21928	23789	26832	27703	30947	32362	34433	37156
56	3152	6881	9274	11607	17384	15764	17944	19715	21929	23790	26833	27704	30948	32363	34434	37157
57	3153	6882	9275	11608	17385	15765	17945	19716	21930	23791	26834	27705	30949	32364	34435	37158
58	3154	6883	9276	11609	17386	15766	17946	19717	21931	23792	26835	27706	30950	32365	34436	37159
59	3155	6884	9277	11610	17387	15767	17947	19718	21932	23793	26836	27707	30951	32366	34437	37160
60	3156	6885	9278	11611	17388	15768	17948	19719	21933	23794	26837	27708	30952	32367	34438	37161
61	3157	6886	9279	11612	17389	15769	17949	19720	21934	23795	26838	27709	30953	32368	34439	37162
62	3158	6887	9280	11613	17390	15770	17950	19721	21935	23796	26839	27710	30954	32369	34440	37163
63	3159	6888	9281	11614	17391	15771	17951	19722	21936	23797	26840	27711	30955	32370	34441	37164
64	3160	6889	9282	11615	17392	15772	17952	19723	21937	23798	26841	27712	30956	32371	34442	37165
65	3161	6890	9283	11616	17393	15773	17953	19724	21938	23799	26842	27713	30957	32372	34443	37166
66	3162	6891	9284	11617	17394	15774	17954	19725	21939	23800	26843	27714	30958	32373	34444	37167
67	3163	6892	9285	11618	17395	15775	17955	19726	21940	23801	26844	27715	30959	32374	34445	37168
68	3164	6893	9286	11619	17396	15776	17956	19727	21941	23802	26845	27716	30960	32375	34446	37169
69	3165	6894	9287	11620	17397	15777	17957	19728	21942	23803	26846	27717	30961	32376	34447	37170
70	3166	6895	9288	11621	17398	15778	17958	19729	21943	23804	26847	27718	30962	32377	34448	37171
71	3167	6896	9289	11622	17399	15779	17959	19730	21944	23805	26848	27719	30963	32378	34449	37172
72	3168	6897	9290	11623	17400	15780	17960	19731	21945	23806	26849	27720	30964	32379	34450	37173
73	3169	6898	9291	11624	17401	15781	17961	19732	21946	23807	26850	27721	30965	32380	34451	37174
74	3170	6899	9292	11625	17402	15782	17962	19733	21947	23808	26851	27722	30966	32381	34452	37175
75	3171	6900	9293	11626	17403	15783	17963	19734	21948	23809	26852	27723	30967	32382	34453	37176
76	3172	6901	9294	11627	17404	15784	17964	19735	21949	23810	26853	27724	30968	32383	34454	37177
77	3173	6902	9295	11628	17405	15785	17965	19736	21950	23811	26854	27725	30969	32384	34455	37178
78	3174	6903	9296	11629	17406	15786	17966	19737	21951	23812	26855	27726	30970	32385	34456	37179
79	3175	6904	9297	11630	17407	15787	17967	19738	21952	23813	26856	27727	30971	32386	34457	37180
80	3176	6905	9298	11631	17408	15788	17968	19739	21953	23814	26857	27728	30972	32387	34458	37181
81																

Greene King pending £3m.

BUDGETED capital expenditure at Greene, King and Co. is £2.9m. in the year, equivalent to about 10% of turnover, reports the chairman, in a review.

Rediffusion Holdings £2.2m. loss

PRIMARILY DUE to substantial interest charges incurred by the subsidiary Wembley Stadium in financing its building developments at Wembley, Rediffusion Holdings (a subsidiary of British Electric Traction) made a net loss of £2,250,070 for the year to March 31, 1977, compared with a deficit of £280,794 for 1976.

HT Invest. midway increase

Net revenue for HT Investments increased from £40,560 to £35,628, after all charges and tax, in the half-year to June 30, 1977. Gross revenue for the six months was £117,412 (£77,724). It is stated that revenue figures are not comparable owing to the incidence of dividend payments.

Robert Fleming seeks £1 growth overseas

INVESTMENT currency pool, this Holdings continues to provide a worthwhile return on investment in the current year. He adds that in Robert Fleming Investment Management funds, under management increased substantially, and income rose by 26 per cent. Jardine Fleming, an associated company in the Far East, also enjoyed a very good year and produced record profits.

IS... 200 Street, 734 0557, A. in... 10.45, 12.45, 1.45, and... 50 Dean Street, London, W.1.

HERMITAGE EXTERNAL FUND

Prices 16th June 1977
Bid US\$ 99.38 Offer US\$ 100.79

SURVEY OF POOLED PENSION FUNDS

INVERGORDS AT 30th JUNE 1977
SURVEY OF POOLED PENSION FUNDS AS AT 30th June 1977 is now available.

CHURCHBURY STATES LIMITED

Extracts from the Annual Statement to Shareholders for the year ended 31st March, 1977 by the Chairman, Mr. C. E. H. Topping, F.R.I.C.S.

HOME NEWS

Committee will work on trading options

BY MARGARET REID
A COMMITTEE is expected to be set up by the Stock Exchange to study the possibilities of a limited market in London in traded share options.

Gas pipe plan worries region

BY OUR ABERDEEN CORRESPONDENT
GRAMPIAN REGION will object to the proposed Shell liquefied natural gas pipeline, which is planned to pass 30 yards from houses in Aberdeen's newest garden suburb, it was decided yesterday at a meeting of the region's planning property and development committee.

Conservation winners

AWARDS FOR conservation projects by local authorities at Eastleigh, Hants, and the London Boroughs of Barnet and Bromley were presented, last night by Baroness Birk, Under Secretary for the Environment.

Esso to restart Shetlands drillings

ESSO IS to restart exploration drilling to the west of the Shetland Islands in an area where British Petroleum is reported to have made an encouraging oil find.

Fitness school for executives

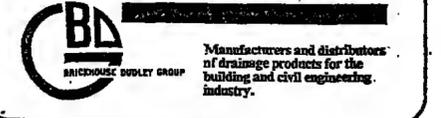
AN EXECUTIVE fitness summer school and clinic has been organized by Overseas Business Communications.

Brickhouse Dudley

'Creditable results' Increased dividend

Michael Huxtable, Chairman, considers results for 1976-77 - record turnover, virtually maintained profits and increased dividend - "creditabile" in view of depressed conditions in the construction industry.

Year to 31st March	1977	1976	1975	1974
Sales	£'000 16,128	£'000 16,989	£'000 13,010	£'000 8,226
Profit before tax	1,567	1,599	1,501	1,159
Profit attributable to shareholders	717	725	672	562
Ordinary dividend*	3.21p	2.92p	2.66p	2.36p
Earnings per share	5.04p	5.12p	4.46p	4.05p



ANGLOVAAL GROUP

Mining companies' reports - Quarter ended 30 June 1977

Prieska Copper Mines (Proprietary) Ltd.

Issued capital 64 000 000 shares of 50 cents each

	Quarter ended 30 June 1977	Quarter ended 31 March 1977	Financial year ended 30 June 1977
Operating results			
Ore milled	889 000	861 000	2 744 000
Concentrates produced	30 158	30 116	128 890
Concentrates despatched			
Copper	24 341	36 964	119 894
Zinc	40 636	38 831	114 181
Financial results			
Net revenue from sales (includes by-products)	14 272	18 771	61 373
Non-mining income	674	284	1 355
14 946	17 055	62 728	
Mining, toll, transport, transportation and selling expenses	11 670	13 067	45 475
Interest paid, stamp adjustment and other expenses	3 081	3 988	17 283
14 951	17 055	62 728	
Net profit	1 730	3 234	13 888
Loan repayments	1 644	-	5 701
Capital expenditure	2 870	614	5 014
4 914	614	10 715	
Development	8 594	6 484	28 459

Hartebeestfontein Gold Mining Co. Ltd.

Issued capital 11 200 000 shares of R1 each

	Quarter ended 30 June 1977	Quarter ended 31 March 1977	Financial year ended 30 June 1977
Operating results			
Ore milled	719 000	632 000	2 820 000
Gold recovered	7 909.33	7 136.55	31 974.17
Yield	11.0	11.3	11.3
Revenue	42.45	37.10	39.24
Costs	26.10	29.01	29.01
Profit	16.35	8.09	13.33
Revenue	R000 30 518	23 449	111 049
Costs	R000 18 765	18 335	73 314
Profit	R000 11 754	5 114	37 735
Uranium oxide			
Pulp created	725 000	698 000	2 865 000
Uxide produced	102 821	84 524	369 308
Yield	0.14	0.12	0.13
Financial results			
Working profit - gold mining	R000 11 754	5 114	37 735
Profit from sales of uranium oxide and pyrite	1 501	1 314	4 424
Non-mining income	1 018	446	2 665
14 273	6 874	44 824	
Interest paid, stamp adjustment and service benefits	794	18	856
Profit before taxation and State's share of profit	13 479	6 856	43 968
Taxation and State's share of profit	8 461	2 492	20 820
7 018	4 364	23 139	
Profit after taxation and State's share of profit	2 642	1 600	7 371
Capital expenditure	66	65	257
Dividends	7 840	-	15 120
10 548	1 715	22 748	
State loan levy	673	328	2 183
Development	10 002	8 340	40 498

Consolidated Murchison Ltd. - continued

	Quarter ended 30 June 1977	Quarter ended 31 March 1977	5 months ended 30 June 1977
Working profit brought forward	1 903	618	2 521
Interest received less paid	53	84	137
Financial charges less scheme rebates and sundry non-mining income	374	-	374
2 330	702	3 032	
Provision for contingencies	82	20	102
2 448	682	2 830	
Profit before taxation	2 448	682	2 830
Taxation	436	-	436
Profit after taxation	1 813	682	2 496
Capital expenditure	554	871	1 425
Dividends	832	-	832
1 389	871	2 257	
State loan levy	61	-	61

Eastern Transvaal Consolidated Mines, Ltd.

Issued capital 4 316 678 shares of 40 cents each

	Quarter ended 30 June 1977	Quarter ended 31 March 1977	Financial year ended 30 June 1977
Operating results			
Gold	85 100	81 700	331 600
Gold recovered	588.88	543.31	2 180.85
Yield	6.7	6.7	6.8
Revenue	251.0	23.33	22.98
Costs	18.88	18.81	16.85
Profit	8.82	7.22	6.34
Revenue	R000 2 221	1 940	7 622
Costs	R000 1 811	1 862	5 829
Profit	R000 410	85	2 101
Financial results			
Working profit - gold mining	810	589	2 101
Non-mining income	113	57	283
923	647	2 384	
Prospecting	82	25	86
Profit before taxation	888	622	2 298
Taxation	290	150	648
Profit after taxation	598	472	1 650
Capital expenditure	227	168	671
Dividends	863	-	1 078
1 488	188	1 700	
State loan levy	43	25	86
Development	1 353	1 407	5 455
Advanced	156	-	156
Sampling results:			
Sampled	1 022	1 108	4 180
Channel width	175	170	171
Channel value	14.1	13.2	8.5
2 459	2 238	1 817	

Consolidated Murchison Ltd.

Issued capital 4 160 000 shares of 10 cents each

	Quarter ended 30 June 1977	Quarter ended 31 March 1977	6 months ended 30 June 1977
Operating results			
Ore milled	163 100	150 700	313 800
Antimony concentrates plus cobbed ore	4 867	4 428	8 295
Antimony concentrates plus cobbed ore shipped	5 012	3 658	8 670
Financial results			
Sales of antimony concentrates less related charges	5 413	3 844	9 357
Gold and silver sales	52	61	113
Sundry mining income	27	-	27
5 492	4 013	9 505	
Working costs	3 988	3 398	6 984
1 504	615	2 521	

Lorraine Gold Mines, Ltd.

Issued capital 1 366 906 shares of R1 each

	Quarter ended 30 June 1977	Quarter ended 31 March 1977	6 months ended 30 June 1977
Operating results			
Gold	306 000	277 000	811 000
Gold recovered	2 058.46	1 938.09	6 236.71
Yield	6.8	7.0	6.8
Revenue	27.57	25.16	26.38
Costs	29.06	28.14	26.70
Loss	1.49	2.98	1.35
Revenue	R000 8 410	8 400	23 083
Costs	R000 8 883	7 796	24 327
Loss	R000 473	827	1 244
Financial results			
Working loss - gold mining	453	827	1 244
Stamp assistance	656	1 936	2 961
Non-mining income	15	93	133
1 124	85	216	
Profit	641	897	2 961
Capital expenditure	322	819	1 914
Development	3 335	2 842	9 156
Advanced	-	-	-
Sampling results:			
Sampled	188	104	328
Channel width	54	47	52
Channel value	27.6	23.5	25.7
1 514	1 246	1 332	
Basal reef			
Sampled	406	253	788
Channel width	10	9	10
Channel value	69.2	59.1	63.8
898	532	612	
Elburg reef			
Sampled	380	296	1 022
Channel width	101	115	114
Channel value	8.4	11.5	9.1
649	1 322	1 039	
Total - all reefs			
Sampled	874	642	2 138
Channel width	54	62	66
Channel value	15.6	16.1	14.1
636	1 000	927	
Taxation			
No taxation or State's share of profit was payable as the Company has assessed losses.			
Capital expenditure			
Capital expenditure for the year ending 30 September 1977 is estimated at R2 600 000 (31 March 1977: R2 000 000).			
Outstanding commitments at 30 June 1977 are estimated at R441 000 (31 March 1977: R848 000).			

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

SEC freezes options plans

BY STEWART FLEMING

A GRADUAL build up of concern about options trading in the U.S. has led the Securities and Exchange Commission to issue a request that the markets trading in stock options should freeze new developments pending a review of its policing programmes.

Higher costs trim Chase Manhattan

BY JAY PALMER

CHASE MANHATTAN Bank has followed Bankers Trust in reporting lower net earnings for the second quarter of this year. By contrast, most other large U.S. banks, including this morning's Manufacturers Hanover and yesterday Bank of America and Continental Illinois, have managed gains for the three months.

non-performing loans to which interest is not being received fell to \$1.5bn. compared with \$1.6bn. in the first three months of 1977.

Chase Manhattan's second quarter operating net of \$37.9m. (\$1.23 a share) compared with \$34.3m. (\$1.16 a share) last year.

Chase Manhattan's second quarter operating net of \$37.9m. (\$1.23 a share) compared with \$34.3m. (\$1.16 a share) last year.

United Technologies and Babcock hit records

By Our Own Correspondent

NEW YORK, July 19. UNITED TECHNOLOGIES, the diversified engineering company which has made a \$500m. take-over bid for electrical generator manufacturer Babcock and Wilcox Company, has reported second quarter profits.

United Technologies' earnings rose 22 per cent. to \$50m. (\$1.47 a share) compared with \$41.1m. (\$1.33 a share) in the same period of last year.

Management discontented in Italian State companies

BY DOMINICK J. COYLE

RUMBLINGS of discontent over a variety of issues in the middle to top management ranks of ENI and IRI, two of Italy's dominant State-sector holding companies, have surfaced publicly, in part over the resignation of Sig. Egidio Egidi from the chairmanship of the ENI subsidiary, AGIP Mineraria.

Middle to senior managers in the main Italian State sector holding companies are reacting increasingly against such patronage and, even more so of late, because groups like IRI and ENI are being literally directed by the Government to absorb perennially loss-making and generally unrelated companies such as EGAM, the troubled State minerals agency, whose managers' meetings are scheduled this week and now to be held off to IRI and ENL.

Senior managers in IRI are already in revolt over what they claim to be efforts to "revive" the group's former autocratic and highly political top management structure, contrary to earlier undertakings by the Board of directors to decentralise management to allow wider participation by senior executives.

Rey reduces stake in Bally

BY JOHN WICKS

SWISS FINANCIER Werner K. Rey has sold to Bally-Finanz AG, a subsidiary of shoe concern C.F. Bally AG, a total of 5,000 bearer shares. This follows the pledging last week of a total of 35,000 registered shares in C.F. Bally by Mr. Rey's holding company, Syndikats AG, as well as the stated he was prepared to consider offers for his Bally stock order to cover commitments to shares in Switzerland and abroad.

Rey was followed by his resignation as managing director and chairman of the Zurich-based company. Legal proceedings under criminal law have been set in motion against Mr. Rey by a Zurich-based lawyer.

partner, or a re-financing of Overseas Development Bank. This bank, valued at Sw.Frs.26.5m., was recently purchased by Syndikats AG Bally after it was sold to Development Bank of Geneva, in order to cover commitments to shares in Switzerland and abroad.

Table with 2 columns: Company Name and Financial Data (Revenue, Profits, Per Share, Six Months). Includes PHILIP MORRIS INC., BENDIX, AIRCO.

Table with 2 columns: Company Name and Financial Data (Revenue, Profits, Per Share, Six Months). Includes SIGNAL COMPANIES, KELLOGG CO., TELEDYNE INC.

Table with 2 columns: Company Name and Financial Data (Revenue, Profits, Per Share, Six Months). Includes COLGATE-PALMOLIVE, CHAMPION INTL., HONEYWELL.

Table with 2 columns: Company Name and Financial Data (Revenue, Profits, Per Share, Six Months). Includes CPC INTERNATIONAL, REPUBLIC STEEL SLIPS, ENGLEHARD MIN. & CHEM.

Table with 2 columns: Company Name and Financial Data (Revenue, Profits, Per Share, Six Months). Includes WESTERN UNION, BAKER INTERNATIONAL, BAKER STEEL.

Sluggish sales at Kaufhof. WEST GERMANY'S second largest department store group, Kaufhof, reported a very thin first half. Turnover at the company's retail outlets actually declined when allowances are made for newly increased sales space.

Republic Steel slips. REPUBLIC STEEL reports second quarter sales well ahead of the corresponding period last year, with a figure of \$776.8m. against \$677.4m. However, at the net profit level the company shows a slide to \$22.18m. against \$23.91m. for the second quarter of 1976.

Despite a sales advance for the half year \$1.42bn. from \$1.28bn., therefore, net profit for the half shows through at \$16.03m. against \$37.5m. for the 1976 first half.

EUROBONDS S. Africa raises DM35n. IN ITS first publicised Euro-bond financing, since January 1976, a South African public sector borrower has raised DM35m. on the German market. The issue, for the South African Railways under Government guarantee, is a placement rather than a public issue. It is described as a big success having been originally launched at DM26m.

How To Subscribe To The Wall Street Journal. Every business day, more than 5 million business minded people read The Wall Street Journal. Shouldn't you be reading America's leading business daily?

Advertisement for EUTEKO S.p.A. featuring the headline 'European Technology for the Near East' and a large image of a sea-water desalination plant. Text describes the plant's capacity of 5 million imperial gallons per day of fresh water.

Table titled 'SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS'. Lists various bonds with columns for Bid and Offer prices.

Table titled 'NOTES' and 'FLOATING RATE NOTES'. Lists various financial instruments with columns for Bid and Offer prices.

Advertisement for Kansallis-Osake-Pankki, featuring 'U.S. \$30,000,000 Floating Rate Capital Notes 19'. Includes details about the notes and contact information.

Advertisement for Fisons International Finance N.V., featuring 'Issue of U.S. \$20,000,000 8 1/2 per cent. Bonds 1992'. Includes details about the bonds and contact information.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Statement on KSH plans steadies price of shares

MICHAEL VAN OS
Scholten-Honig (KSH), 1975-76. As for the current year, starch and foods a new loss is expected.

Rheem lifts payout on 31% profit rise

By Brian Frith
RHEEM Australia, a major hot water systems manufacturer, has lifted its dividend after a 31 per cent profit rise in the year to May 31.

AMERICAN AEROSPACE B-1 decision—a temporary cloud

BY ART GARCIA, IN CALIFORNIA
CANCELLATION OF Rockwell International Corporation's B-1 strategic bomber has had little impact on U.S. aerospace stocks, just as it is expected to have little effect on the economy in California, where most of the work on the advanced aircraft was to be done.

Surge in Swedish tourism

JOHN WALKER
SH TRAVEL agents that the sale of charter planes to places in the sun peaked during the last three weeks. A spokesman for one of the leading agents, says that business is 25 per cent up on the same period last year.

Tokai Sugar bankruptcy

TOKAI SUGAR Refining said it filed a bankruptcy application with the Yokohama branch of the 7th District Court.

Stock market psychology and attitudes towards aerospace shares have turned 180 degrees from what they were not too many years ago when everybody was anti-military complex.

Congress is now nearly unanimous in its support for a continued strengthening of the U.S. military posture.
An important factor, says Hutton's Williams, "is that stock market psychology and attitudes toward U.S. aerospace shares have turned 180 degrees from what they were not too many years ago when everybody was anti-military complex."

Insurance for South Korea

SOUTH KOREA has opened up its domestic insurance market for foreign firms, by allowing an American company to operate domestically, reports Renter.

Advertisement for AÇO MINAS GERAIS S.A.-AÇOMINAS. Includes details on medium-term credits for construction, amounting to US\$335,000,000 and DM400,000,000. Lists various banks and financial institutions providing services.

E. J. RILEY HOLDINGS LIMITED

(Incorporated in England under the Companies Acts 1948 to 1976 No. 1314004)

Introduction following the acceptances of the offers for

The whole of the issued share capital, other than that owned by Headcrest Investments Limited, and the whole of the 8 per cent Unsecured Loan Stock of

And the whole of the issued share capital and the whole of the 12 per cent Convertible Unsecured Loan Stock 1979 of

E. J. RILEY LIMITED

HEADCREST INVESTMENTS LIMITED

This document contains particulars, given in compliance with the Regulations of the Council of The Stock Exchange, for the purpose of giving information to the public with regard to E. J. Riley Holdings Limited ("the Company").

These particulars are given on the basis of acceptance in full of the offers made by the Company for the whole of the issued share capital of E. J. Riley Limited ("Riley") other than that owned by Headcrest Investments Limited ("Headcrest") and the whole of the issued share capital of Headcrest and for the whole of the 8 per cent Unsecured Loan Stock of Riley ("the Riley stock") and the whole of the 12 per cent Convertible Unsecured Loan Stock 1979 of Headcrest ("the Headcrest stock").

The information in this document relating to the Company, Riley and its subsidiaries and Headcrest and its subsidiaries has been provided by the directors of those companies respectively and they collectively and individually accept full responsibility for the accuracy of the information given in respect of their respective companies and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts relating to their respective companies the omission of which would make any statement herein misleading.

Application has been made to the Council of The Stock Exchange for the Ordinary shares of the Company to be admitted to the Official List. This document is published in connection with the introduction to The Stock Exchange of these shares.

SHARE CAPITAL

Authorised	Issued and fully paid
£1,000,000	£500,868.50
	In Ordinary shares of 10p each

LOAN CAPITAL

£159,961 12 per cent Convertible Unsecured Loan Stock 1985.

This stock entitles holders to convert into Ordinary shares of the Company in the years 1979 to 1985 inclusive on the basis of 3 shares for £1 nominal of stock. The conversion rights are exercisable in February or if accounts for the previous financial year shall not be posted to stockholders by 31st January, during the period of 30 days following posting. The stock will be redeemed at par together with accrued interest on 31st March, 1985 or (if later) at the end of the conversion period following the financial year ending 31st July, 1984. Full conversion of the stock would require the issue of 479,883 Ordinary shares.

INDEBTEDNESS

At 1st July, 1977, Riley and its subsidiaries had secured bank overdrafts of £319,570, secured loans of £6,333, unsecured loans of £4,100 and hire purchase commitments of £7,568 and Headcrest and its subsidiaries were liable to a maximum of £189,810 under guarantees of bank overdrafts of Westdock Limited ("Westdock") and Kendon Cabinets Limited ("Kendon") and to a maximum of £4,000 under the guarantee of a bank overdraft of a former associated company. At 1st July, 1977 the Riley stock and the Headcrest stock were outstanding.

Save as referred to above or disclosed herein, and apart from intra-group transactions and secured cross-guarantees to bankers, neither the Company nor any of its subsidiaries had outstanding at 1st July, 1977 any borrowings or other similar indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits, mortgages, charges, hire purchase commitments, or (other than product guarantees) guarantees or other material contingent liabilities.

DIRECTORS

JOHN WILLIAM HINDLE (*Chairman*), 1 Brantwood, Hollins Lane, Accrington, Lancs.
 ALAN ROBERT DEAL, F.C.A. (*Vice-Chairman*), The White House, Queens Drive, Duxshott, Surrey.
 DOUGLAS CHARLES KENYON BRDWINING, The Old Vicarage, Fielding Lane, Oswaldtwistle, Lancs.
 JAMES SLATER, 335 Willows Lane, Accrington, Lancs.
 MICHAEL GLYN, F.C.A., 6 Edgeworth Avenue, Hendon, London NW4.
 HENRY WILLIAM ABBEY, A.C.I.S. (*Non-Executive*), 11 Heath Drive, Sutton, Surrey.
 DAVID DONALD de CARLE (*Non-Executive*), 28 Pembroke Square, London W8.
 RAYMOND INGHAM, Clayton Hey House, Ribchester Road, Clayton-le-Dale, Blackburn, Lancs.

SECRETARY AND REGISTERED OFFICE

MICHAEL GLYN, F.C.A., 37/39 High Holborn, London WC1V 6AN.

AUDITORS

P. F. PIERCE & CO., Chartered Accountants, Milnshaw House, 161 Whalley Road, Accrington, Lancs. BB5 1DS.

SOLICITORS

SIMMONS & SIMMONS, 14 Dominion Street, London EC2M 2RJ.
 BARLOW RDWLAND & CO., 18 St. James Street, Accrington, Lancs. BB5 1NY.

BANKERS

LLDYDS BANK LIMITED, Whalley Road, Accrington, Lancs. BB5 1AB.
 NATIONAL WESTMINSTER BANK LIMITED, P.O. Box No. 38, 81 High Street, Bedford MK40 1NH.

REGISTRARS

NATIONAL WESTMINSTER BANK LIMITED, REGISTRARS DEPARTMENT, P.O. Box No. 82, National Westminster Court, 37 Broad Street, Bristol BS99 7NH.

BROKERS

HALL, GRAHAM, BRADFORD & CO., 15 Copthall Avenue, London EC2R 7BU and The Stock Exchange.
 HANSON & CO., Pendle House, 73 Preston New Road, Blackburn, Lancs. BB2 6BA and at York, Doncaster, Preston, Lancaster and The Stock Exchange.

TERMS OF MERGER

The Company was incorporated on 18th May, 1977 to effect the merger of Riley and Headcrest by making offers ("the offers") for the whole of the issued share capital of Riley other than that owned by Headcrest and the whole of the issued share capital of Headcrest. The offers were contained in a letter to the shareholders of both companies dated 17th June, 1977. In addition offers ("the stock offers") were made for the Riley stock and the Headcrest stock.

Under the terms of the offers, the ordinary shareholders of Riley (other than Headcrest) and Headcrest are entitled to a total of 3,600,000 and 1,408,885 Ordinary shares of 10p each in the Company respectively. Under the terms of the stock offers the holders of the Riley stock and of the Headcrest stock are entitled to a total of £39,979 nominal and £119,982 nominal respectively of 12 per cent Convertible Unsecured Loan Stock 1985 of the Company (the "convertible stock"). It is not intended to seek a listing for the convertible stock but listing will be sought for the Ordinary shares of the Company allotted upon the exercise of the conversion rights.

The offers and the stock offers remain open for acceptance and it is the intention of the Company to acquire any outstanding shares of Riley (other than those owned by Headcrest) and Headcrest under the provisions of Section 209 of the Companies Act, 1948. At 13th July, 1977 acceptances had been received in respect of 891,570 existing Ordinary shares of Riley (99.1 per cent. of the existing shares the subject of the offer) 3,695,637 Ordinary shares of Headcrest (87.4 per cent. of the issued share capital) £58,866 nominal Riley stock (98.1 per cent.) and £117,982 nominal Headcrest stock (98.3 per cent.).

HISTORY AND BUSINESS

Riley

Riley was incorporated in 1897 to manufacture and retail billiard tables and sports goods. In 1910 the Company began to operate billiard halls and in 1946 the repair and maintenance department was established. In 1954 the Company diversified by the acquisition of C. D. Pierce & Son Limited, an old established upholstery manufacturing company, followed shortly by the acquisition of Stevens & Mercer Limited, a chair frame manufacturing company. Early in 1977 the group commenced to supply and operate pool tables through its subsidiary Riley Pool Limited.

The activities of Riley and its subsidiaries ("the Riley Group") now fall into two main categories, namely the snooker business and the manufacture of furniture. E. J. Riley (Billiards) Limited manufactures and sells a variety of billiard tables, approximately 50 per cent. of which are currently exported. This subsidiary also provides a comprehensive maintenance service of billiard tables on a 3 and 4 year contract basis, providing for renewal of specific parts at predetermined intervals and also for overall maintenance. This company at present services over 3,000 tables under maintenance contracts. A repair and maintenance service is also provided for tables not under contract. The sale and maintenance of billiard tables and accessories is carried on through six branch offices which are located so as to serve efficiently the whole of Great Britain. Riley Snooker Clubs Limited owns and manages 23 snooker clubs designed to provide well-equipped and congenial surroundings in which the game can be enjoyed and in which this subsidiary has installed approximately 300 of its own billiard tables and employs a staff of over 100. These clubs are only open to members and most of them are equipped with gaming machines and some with licensed bars.

The other main activity in the Riley Group is the design and manufacture of upholstered furniture. C. D. Pierce & Son Limited operates through 3 factories in the Accrington area, where it produces a varied range of domestic upholstered furniture. It sells mainly to retailers throughout Great Britain and currently has over 2,000 accounts. Stevens & Mercer Limited produces at its factory in Accrington the wooden frames used by C. D. Pierce & Son Limited in the manufacture of its furniture and also the wooden parts for the billiard tables produced by E. J. Riley (Billiards) Limited.

Headcrest

Headcrest was incorporated in 1921 and is an investment holding company. In 1972 Headcrest acquired Tierdare Limited ("Tierdare") which is also an investment holding company, providing management services and having shareholding interests in associated companies (details of which are set out in Note 2 to Net Tangible Assets under Financial Information) whose principal activities are the sale of glass and chinaware and the manufacture of rigid polyurethane foam, which is a foam for thermal insulation and buoyancy supplied to the petro-chemical industries and for use in low temperature and marine appliances. In June 1974 Headcrest acquired 25 per cent. of the share capital of Riley, the consideration for which was the issue of £119,982 nominal of Headcrest stock.

Headcrest has two other wholly-owned subsidiaries, Westdock, to which a Receiver was appointed in October 1975, and Kendon which went into liquidation in March 1976. Provision for the losses arising as a result of the closure of these two companies has been made in Headcrest's accounts.

MANAGEMENT AND EMPLOYEES

Mr. J. W. Hindle, who is 62, joined Riley in 1952 and is presently Chairman of Riley.
 Mr. A. R. Deal, aged 41, joined Headcrest in 1972, is a Chartered Accountant and is presently Chairman of Headcrest.

Mr. D. C. K. Browning, who is aged 55, joined Riley in 1947 and is the director responsible for the manufacture and maintenance of billiard tables.

Mr. J. Slater, who is aged 55, joined C. D. Pierce & Son Limited in 1950 and is the director responsible for the furniture division.

Mr. M. Glyn, aged 37, is a Chartered Accountant. He joined Headcrest in 1974.

Mr. H. W. Abbey, aged 52 and Mr. D. D. de Carle, aged 50 are non-executive directors of Riley and Headcrest respectively and will act in an advisory capacity to the Company. Mr. de Carle is a solicitor.

Mr. R. Ingham, aged 46, joined Riley in 1975 and is the director responsible for snooker clubs.

The directors of the Company are all directors either of Riley or of Headcrest. The Company and its subsidiaries together employ approximately 480 people.

PROSPECTS AND DIVIDENDS

It is the Board's intention to continue and to expand the businesses of both Riley and Headcrest, particularly those activities carried on by Riley.

The Board intends to prepare accounts of the Company for the period from 18th May, 1977, the date of incorporation, to 31st July, 1977. Accounts for the first full year of operations will be made up to 31st July, 1978.

As can be seen from the pro forma financial information given below the combined net profits before taxation of Riley and Headcrest for the six months ended 31st January, 1977 were £255,000. Trading since that date has continued at a satisfactory level.

In the absence of unforeseen circumstances, the directors of the Company intend to recommend an aggregate dividend of 2.5p. per share in respect of the year ending 31st July, 1978. The total dividend together with its associated tax credit would amount to 3.846p. per share. It is intended that an interim dividend would be paid in July and final dividend would be paid in January in each year commencing with an interim dividend in July 1978.

No dividend will be paid in respect of the period to 31st July, 1977.

FINANCIAL INFORMATION REGARDING RILEY, HEADCREST AND THE COMPANY

A. Riley

1. Accountants' Report

The following is a copy of a report by Messrs. P. F. Pierce & Co., Chartered Accountants, of Milnshaw House, 161 Whalley Road, Accrington, Lancs. BB5 1DS.

The Directors,
 E. J. Riley Holdings Limited
 37/39 High Holborn,
 London WC1V 6AN.

15th July, 1977

General

We have examined the books and records of E. J. Riley Limited ("Riley") and its subsidiary companies for the periods stated below during which time we have been auditors for all the companies within the Group.

The accounts and notes set out below are based on the attached documents which have been prepared under the historical cost convention as modified by the revaluation of certain properties to which reference is made, and, after making such adjustments as we consider appropriate, in our opinion give:

- a fair and true view of the profits and losses of the Group for the five years ended 31st July, 1976, and the six months ended 31st January, 1977, and
- a fair summary of the net tangible assets of the Group as at the dates stated below.

This Report is made in connection with a proposal by E. J. Riley Holdings Limited to acquire the whole of the issued share capital of Riley not owned by Headcrest Investments Limited ("Headcrest"). As Headcrest owns 25 per cent. of the issued share capital of Riley, for the purposes of Part II (2)(1) of the Third Schedule to the Companies Act 1948, the merged profits and the net tangible assets shown below would, as to 25 per cent. thereof, have concerned Headcrest and, as to 75 per cent. thereof, have concerned the members of E. J. Riley Holdings Limited. If the latter company had at all material times held the shares to be acquired.

Accounting Policies

- Basic of consolidation.**
The group accounts are the result of the consolidation of Riley and its subsidiaries, all of which were wholly owned during the relevant periods.
- Depreciation.**
Depreciation of plant, equipment and vehicles is calculated at rates to write off their cost over their estimated useful lives. Depreciation of short leasehold property is calculated to write off the cost over the term of the lease. Freehold and long leasehold land and buildings are not depreciated except for one property on which depreciation of 4 per cent. per annum on cost was charged up to 31st July, 1973.
- Stock and work in progress.**
Stock and work in progress have been valued consistently over the period at the lower of cost and estimated net realisable value.
- Deferred taxation.**
Provision is made at the current rate of tax on the amount of profit on which tax has been deferred or recovered in respect of the variation in the values of stocks and on the excess of the balance sheet values of the fixed assets on which capital allowances are claimable (excluding industrial buildings) over their tax written down values. In view of the intended continuance of use of the industrial buildings, the deferred taxation element which would arise from their inclusion and also from the revaluation of properties was considered to be unnecessary.

1a. Turnover

Turnover represents the net invoiced values excluding VAT to outside customers in the ordinary course of business for goods supplied.

Group Profit and Loss Accounts

Notes	Years to 31st July					6 months to 31st January 1977
	1972 £'000	1973 £'000	1974 £'000	1975 £'000	1976 £'000	
Turnover	1,489	2,032	2,413	4,130	3,710	2,548
Cost of sales	(1,368)	(1,812)	(2,174)	(3,778)	(3,432)	(2,087)
Profit before taxation and extraordinary items	121	220	239	351	278	251
Taxation	(42)	(128)	(133)	(177)	(104)	(142)
Profit after taxation but before extraordinary items	79	92	106	174	174	109
Extraordinary items after tax	(15)	(12)	(10)	(17)	(21)	(15)
Dividends	(19)	(16)	(18)	(17)	(21)	(15)
Retained profits	39	74	80	167	153	77
Debit with in the accounts of: Riley	1	45	38	144	79	25
Subsidiary companies	38	29	42	13	74	72
	39	74	80	167	153	80
Dividend rate (gross)	32.6%	18%	13.6%	21.5%	28.5%	

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Consolidated Net Tangible Assets

Table showing consolidated net tangible assets for the group and subsidiaries from 1972 to 1977. Columns include Notes, 1972, 1973, 1974, 1975, 1976, 1977, and 31st January 1977. Rows include Fixed assets, Current assets, and Net tangible assets.

Notes on the above Accounts

Turnover
The turnover of the group's activities was as follows:

Table showing turnover for the group from 1972 to 1977. Columns include 1972, 1973, 1974, 1975, 1976, 1977, and 6 months to 31st January 1977. Rows include Snooker, Snooker clubs, Furniture, Contract furnishing, and Retail shop.

(a) Profit before taxation is stated after charging

Table showing profit before taxation from 1972 to 1977. Columns include 1972, 1973, 1974, 1975, 1976, 1977, and 6 months to 31st January 1977. Rows include Depreciation, Bank and short term interest, and Unsecured loan stock.

(b) Profit (loss) before taxation and extraordinary items from the group's activities was as follows:

Table showing profit/loss before taxation from 1972 to 1977. Columns include 1972, 1973, 1974, 1975, 1976, 1977, and 6 months to 31st January 1977. Rows include Snooker, Snooker clubs, Furniture, Contract furnishing, and Retail shop.

With the exception of dividends shown gross up to 31st March, 1973, all dividends are shown net.

Table showing fixed assets from 1972 to 1977. Columns include 1972, 1973, 1974, 1975, 1976, 1977, and 31st January 1977. Rows include Land and buildings, Short leaseholds, Plant, equipment and vehicles, and Accumulated depreciation.

Freehold and long leasehold land and buildings are stated above at cost up to 31st July 1976. An independent valuation was made of seven of the Group's properties on 13th January, 1977 by Messrs Kenyon, Skars and Auctioneers, and is reflected in the above figures at 31st January, 1977, as follows:

Table showing valuation of freehold and long leasehold land and buildings from 1972 to 1977. Columns include 1972, 1973, 1974, 1975, 1976, 1977, and 31st January 1977. Rows include Land and buildings, Short leaseholds, and Accumulated depreciation.

The remaining surplus on valuation was credited to capital reserve in the six months ended 31st January, 1977.

Subsidiary companies
Share at cost less amounts written off
Amounts due from subsidiary companies.

Table showing deferred taxation from 1972 to 1977. Columns include 1972, 1973, 1974, 1975, 1976, 1977, and 31st January 1977. Rows include Excess of capital allowances over depreciation, Stock appreciation relief, and Unsecured loan stock.

8 per cent. Unsecured loan stock (unlisted) is constituted by a Trust Deed dated 21st December, 1970.

Accounts for submission to the members of Riley have been prepared for any period subsequent to 31st January, 1976. Accounts for the six months ended 31st January, 1977 have been prepared and audited for the purposes of this document and also as the basis for an interim dividend statement of progress circulated to the members.

Your faithfully, P. F. Pierce & Co. Chartered Accountants

Changes since 31st January, 1977
Save as disclosed herein, since 31st January, 1977, being the date to which Riley's latest accounts were made up, there has been no material change in the financial position of Riley and its subsidiaries other than in the ordinary course of business.

Headcrest Financial Information
Over, Profits and Dividends
Based on the audited consolidated accounts of Headcrest and its subsidiaries, the turnover, profits/(losses) and dividends in respect of each of the last five financial periods were:

Table showing Headcrest financial information from 1972 to 1977. Columns include 1972, 1973, 1974, 1975, 1976, 1977, and 13 months to 31st January 1977. Rows include Turnover, Profit/(loss) before tax, Profit/(loss) after tax, and Dividends.

Turnover comprises the net invoiced values excluding VAT to customers outside the group. The turnover figures for 1972 to 1974 include the turnover of Westwood and Kendo. Profits of associated companies before taxation and extraordinary items include the group's share of the profits of Riley in the following periods:

Table showing turnover of Riley from 1972 to 1977. Columns include 1972, 1973, 1974, 1975, 1976, 1977, and 13 months to 31st January 1977. Rows include Riley and Other associated companies.

Intangible Assets
The following is a summary of the consolidated intangible assets of Headcrest and its subsidiaries based on the audited consolidated balance sheet as at 31st January, 1977:

Table showing intangible assets from 1972 to 1977. Columns include 1972, 1973, 1974, 1975, 1976, 1977, and 31st January 1977. Rows include Land and buildings, Plant, equipment and vehicle, and Intangible assets.

Current liabilities
The following are the principal liabilities of Riley, all of which are, except as indicated below, wholly owned private companies incorporated in England or Wales:

Table showing current liabilities from 1972 to 1977. Columns include 1972, 1973, 1974, 1975, 1976, 1977, and 31st January 1977. Rows include E. J. Riley (Billiards) Limited, Riley Snooker Clubs Limited, C. D. Pierce & Son Limited, etc.

Net current assets

Table showing net current assets from 1972 to 1977. Columns include 1972, 1973, 1974, 1975, 1976, 1977, and 31st January 1977. Rows include Less: 12 per cent. convertible unsecured loan stock, Provision against guarantees, and Net tangible assets.

Notes:
1. Fixed assets are stated at cost except for land and buildings which are freehold and included at the net realisable value under the contract for sale referred to in sub-paragraph (b) (i) of "Material Contracts" below and which has subsequently been exchanged.
2. Associated companies are as follows:

Table showing associated companies from 1972 to 1977. Columns include Name, Percentage of equity held, Riley, Other, and Total. Rows include E. J. Riley Limited, Buletards Plastics and Chemical Company Limited, Goble & Sothers Limited, and Harvey Road Limited.

The Balance Sheet figure is made up as follows:

Table showing balance sheet figures from 1972 to 1977. Columns include Share at cost, Provision for post acquisition reserves, and Total. Rows include Share at cost, Provision for post acquisition reserves, and Total.

On 10th June, 1977 the shareholding in Goble & Sothers Limited was agreed to be sold for a total consideration of £70,000 subject to the terms set out in sub-paragraph (b) (i) of "Material Contracts" below. The value of this investment including the provision for post acquisition reserves is included in the accounts at £73,056.

Investments are quoted and are stated at cost less provision (market value £14,000).

A Receiver and Manager was appointed to the undertaking and accounts of Westwood in October, 1975 and a Liquidator was appointed to Kendo in March, 1976. Accounts of these two subsidiaries have not been consolidated and the total investments including current accounts have been fully provided against. Further provisions totalling £100,000 have been made against the liabilities arising under the guarantees given to National Westminster Bank Limited in respect of the bank overdrafts of these companies.

2. Changes since 31st January, 1977
Save as disclosed herein since 31st January, 1977, being the date to which Headcrest's latest accounts were made up, there has been no material change in the financial position of Headcrest and its subsidiaries other than in the ordinary course of business.

C. The Company

1. Pro Forma Financial Information

(a) Net Tangible Assets
There is set out below a pro-forma statement of the combined net tangible assets of Riley and Headcrest as at 31st January, 1977 (based on their audited consolidated accounts at such date) after adjusting for the consideration payable under the stock offers.

Table showing pro-forma financial information from 1972 to 1977. Columns include Notes, Cost or Value, Depreciation, and £'000. Rows include Fixed assets, Associated companies, Current assets, and Net tangible assets.

Net current assets

Table showing net current assets from 1972 to 1977. Columns include 1972, 1973, 1974, 1975, 1976, 1977, and 31st January 1977. Rows include Less: 12 per cent. convertible unsecured loan stock, Deferred taxation, and Net tangible assets.

Notes:
1. Associated companies exclude the value attributed to Riley in Headcrest's accounts.
2. The reconciliation of the combined net tangible assets is as follows:

Table showing reconciliation of combined net tangible assets from 1972 to 1977. Columns include Riley, Headcrest, and £'000. Rows include Riley, Headcrest, and £'000.

(b) Profits:
The combined net profits before taxation and extraordinary items of Riley and Headcrest for the six months ended 31st January, 1977 amounted to £255,000.

(c) Dividends
The cost of the proposed dividend in respect of the year ending 31st July, 1978 will be approximately £125,000.

2. Working Capital
The directors of Riley and Headcrest respectively are of the opinion that their individual companies have sufficient working capital for their present separate requirements and consequently the directors of the Company are of the opinion that following the merger the Company and its subsidiaries will have sufficient working capital for their present requirements.

STATUTORY AND GENERAL INFORMATION

1. The Company
The Company was originally incorporated as a private company on 18th May, 1977 with an authorised share capital of £1,000 divided into 10,000 Ordinary shares of 10p each. On 16th June, 1977 the Company adopted new Articles of Association and became a public company with an authorised share capital of £1,000,000 divided into Ordinary shares of 10p each.

2. Articles of Association
The new Articles of Association contain provisions (inter alia) to the following effect:

- (a) Subject to any special rights or restrictions attached to any class of shares on a show of hands every member present in person and on a poll every member present in person or by proxy shall have one vote for every ordinary share held.
(b) Save as provided in the Articles, a director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest provided that this provision shall not apply (inter alia) to:
(i) the giving of any security or indemnity to him in respect of obligations incurred by him for the benefit of the Company or any of its subsidiaries;
(ii) the giving of any security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he has given a guarantee, indemnity or security;
(iii) proposals relating to offers of shares, debentures or other securities of the Company in which he is to be interested as underwriter or allottee;
(iv) proposals concerning other companies in which he is interested but is not the holder or beneficially interested in 1 per cent. or more of the equity share capital of such company; and
(v) proposals concerning approved superannuation funds or retirement benefit schemes under which he may benefit.

A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is deemed from voting. The Company may by ordinary resolution suspend or alter these provisions.

(c) Where proposals are under consideration concerning the appointment (including filling or varying the terms of appointment) of two or more directors to offices or employments with the Company or any company in which the Company has an interest, such proposals may be divided and considered in relation to each director separately and, in such case, each of the directors concerned (if not otherwise deemed from voting) shall be entitled to vote in respect of such resolution except the one relating to himself.

(d) The directors may exercise all the powers of the Company to borrow money provided that save as provided in (e) the amount of the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Company and/or any of its subsidiaries (including inter-group borrowing) shall not without the previous sanction of an Ordinary Resolution of the Company exceed an amount equal to three times the aggregate of—

- (i) the amounts standing to the credit of the reserves of the Company and its subsidiaries including share premium account, capital redemption reserve fund and Profit and Loss Account (but deducting therefrom the amount, if any, standing to the debit of the Profit and Loss Account) all as shown in a consolidated statement of accounts of the Company and its subsidiaries; and
(ii) adjusted in respect of any variations in the issued and paid-up share capital, share premium account or capital redemption reserve fund effected or any distributions made since the date of such balance sheet; and
(b) such other moneys set aside for taxation (other than deferred taxation and taxation equalised on account) and, to the extent included, any amounts attributable to outside shareholders to subsidiaries.

(e) Each director shall retire from office at the conclusion of the Annual General Meeting next following his 75th birthday but shall be eligible for re-election.

(f) A director may hold any other office or place of profit under the Company (except that of auditor) in conjunction with his office of director and on such terms as to remuneration and otherwise as the Board shall arrange. Any director may act in a professional capacity for the Company and shall be entitled to remuneration for professional services as if he were not a director.

(g) Each director shall be entitled to receive the yearly sum of £200 as remuneration for his services and the Chairman and each Vice-Chairman shall be entitled to receive the yearly sum of £2,000 and £1,000 respectively. In addition a director shall be entitled to be repaid all travelling, hotel and other expenses properly incurred in and about the business of the Company including expenses of travelling to and from meetings of the Board or Committees thereof or General Meetings. The Board may from time to time appoint one or more of its body to be Managing Director or an Executive Director on such terms as to remuneration, period and otherwise as it may think fit.

(h) The Board may grant pensions, allowances and gratuities of other benefits to any persons or to their wives or relatives in respect of services rendered by such persons to the Company or any subsidiaries as directors or managers or in any other employment therewith.

3. Subsidiaries

Riley
The following are the principal subsidiaries of Riley, all of which are, except as indicated below, wholly owned private companies incorporated in England or Wales:

Table showing subsidiaries of Riley from 1972 to 1977. Columns include Name, Nature of Business, Date of Incorporation, and Issued Share Capital. Rows include E. J. Riley (Billiards) Limited, Riley Snooker Clubs Limited, C. D. Pierce & Son Limited, etc.

Headcrest
The following are the principal subsidiaries of Headcrest, both of which are wholly owned private companies incorporated in England:

Table showing subsidiaries of Headcrest from 1972 to 1977. Columns include Name, Nature of Business, Date of Incorporation, and Issued Share Capital. Rows include Tiersden Limited and Headcrest Securities Limited.

Properties
The following are the properties of Riley and its subsidiaries including the situation of the principal properties.

Table showing properties from 1972 to 1977. Columns include Property, Description, and Approximate area sq. ft. Rows include Freehold, Leasehold (under 999 years), and Leasehold (under 7 years).

(These properties were the subject of the valuation dated 13th January, 1977 by Messrs Kenyon which is referred to below as a document available for inspection.)

Headcrest owns 6 acres of vacant freehold land at Sandholme, Humberside (which Headcrest has conditionally contracted to sell—Material Contract 7 (b) (i) below), and occupies office premises at 37/38 High Holborn, London WC1V 6AN, under a lease expiring in 1983 reserving an annual rent of £3,313.

Save as stated, the Company and its subsidiaries occupy no other properties.

Major Shareholdings
(a) The interests of the directors and their families in the share capital of the Company will be as follows:

Table showing major shareholdings from 1972 to 1977. Columns include Name, Ordinary shares of 10p each, Beneficial, and Non-beneficial. Rows include J. W. Hindle, A. R. Deal, C. D. Browning, etc.

(b) On the basis of notifications made to the directors of Headcrest under the provisions of the Companies Act 1967 and 1976, and on the information available to the directors of Riley the following persons will be interested in the following numbers of Ordinary shares of the Company:

Table showing shareholdings from 1972 to 1977. Columns include Name and Number. Rows include C. S. Kenyon, C. E. Kenyon, J. T. Kenyon, etc.

(These figures include non-beneficial interests as trustees and/or beneficial interests under certain trusts.)

Save as disclosed herein and so far as the directors of the Company are aware, no person will be interested in 5 per cent. or more of the issued Ordinary shares of the Company.

6. General

(a) It is intended that, on 1st August, 1977, subject to the offers having become unconditional, the undermentioned directors of the Company will enter into the service contracts with the Company or certain subsidiaries details of which are set out below. In this event, where such directors have existing service contracts they would be cancelled.

Table showing general information from 1972 to 1977. Columns include Name, Company, Date of Expiry, Annual Salary, and Directors Fees. Rows include J. W. Hindle, A. R. Deal, C. D. Browning, etc.

In addition to salary, J. Slater is entitled to a commission of 7 1/2 per cent. of the annual net profits in excess of £25,000 of C. D. Pierce & Son Ltd. and a commission of 9 per cent. of the annual net profits of Stevens & Mercer Ltd. R. Ingham is entitled to a commission of 3 per cent. of the annual net profits of Riley Snooker Clubs Ltd. In both cases "net profits" means the profits shown by the auditors of the relevant company after making any further adjustments which the auditors of the relevant company consider fair and reasonable or as may be agreed. The salaries of each of the other four directors will be adjusted on each anniversary by the same percentage as that by which the Index of Retail Prices has moved over the previous twelve months.

(b) The aggregate remuneration received by the Directors of the Company in their capacity as directors and secretaries of Riley and its subsidiaries in the financial year ended 31st July, 1976 amounted to £42,258. The aggregate remuneration received by the Directors of the Company in their capacity as directors and secretaries of Headcrest in the financial year ended 31st January, 1977 amounted to £12,156. It is estimated that the aggregate remuneration which the Directors of the Company will receive in the financial year of the Company ending 31st July, 1978, will amount to approximately £53,000.

(c) D. D. de Cark, a Director of the Company, is a partner in Simmons & Simmons, solicitors to the Company, who will receive a fee for legal services in connection with the offer and the introduction.

(d) The total expenses of the offers leading up to the introduction and listing of the shares on the Stock Exchange are estimated at approximately £25,000 and are payable by the Company.

(e) Pursuant to an Ordinary Resolution of Riley dated 12th July, 1977 3,600,000 Ordinary shares of 10p each in the capital of Riley were allotted by way of capital to ordinary shareholders of Riley in the proportion of 1 new Ordinary share of 10p each for every 10 Ordinary shares of 10p then held.

(f) 225,950 shares and 363,034 shares of Headcrest, being the number of shares allotted to C. J. Armstrong A. R. Deal and M. Glyn as vendors of Tiersden in respect of the profits of that company for the respective years ended 31st December, 1974 and 31st December, 1975, were issued credited as fully paid in 1975 and 1976.

(g) Save as mentioned herein no share or loan capital of the Company or any subsidiary has within the last two years been issued or is proposed to be issued, nor commissions, discounts, brokerages or other special terms have been granted by the Company or any subsidiary in connection with the issue or sale of any such capital.

(h) Save as disclosed herein no Director of the Company has held any interest direct or indirect in any assets which have been or are proposed to be acquired, disposed of or leased to the Company.

(i) Save as disclosed herein, no Director of Riley or of Headcrest has held any direct or indirect interest in any assets which since 31st July, 1976 or 31st December, 1975 being the respective dates to which the latest published audited accounts of Riley and Headcrest were made up, have been acquired or disposed of by or leased to Riley or Headcrest respectively.

(j) Save as disclosed herein no Director of the Company, Riley or Headcrest is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the relevant company and its subsidiaries taken as a whole.

(k) Save for claims by Westwood Ltd. by Kendo which are being dealt with by the Receiver and Liquidator respectively neither the Company, nor Riley, and its subsidiaries, nor Headcrest and its subsidiaries, is, so far as the Directors of the Company are aware, involved in any material litigation and no claim of material importance is pending or threatened against any of such companies.

(l) Riley has been a public company since its incorporation. By reason of the fact that Riley ceased to be regarded as a close company for the purposes of the Companies Act 1967 and 1976, the directors of Riley are satisfied that no material liability in respect of income tax, surtax, shortfall in distributions, estate duty or capital transfer tax is likely to fall upon Riley or any subsidiary thereof.

(m) Messrs. P. F. Pierce & Co. and Messrs. Kenyon have given and have not withdrawn their written consents to the publication of this document with the exception of the report of Messrs. P. F. Pierce & Co. and the references to their respective names and the valuation of Messrs. Kenyon in the form and contents in which they are included.

(n) No material issue of shares, other than to shareholders pro rata to their existing holdings, will be made within one year without prior approval of the Company in General Meeting. Save as may be necessary to satisfy any exercise of the conversion rights of the Redeemable Unsecured Loan Stock, no issue will be made which would effectively alter the control of the Company or the nature of its business without prior approval of the Company in General Meeting. Holders of the Stock would receive 8.7 per cent. of the Company's issued share capital on full conversion.

7. Material Contracts
The following contracts, which are or may be material, have been entered into by Riley and Headcrest and their respective subsidiaries during the two years immediately preceding the date of this document otherwise than in the ordinary course of business:

- (a) Riley
Agreement dated 12th April, 1979 and made between Riley (1) and National Westminster Bank Limited (2) under which Riley purchased factory premises in Exchange Street, Accrington at a price of £30,000.
(b) Headcrest
(i) Guarantee each dated 13th November, 1975 in favour of National Westminster Bank Limited in respect of all liabilities of Headcrest by Tiersden and Headcrest Securities Limited ("Securities") respectively.
(ii) Guarantee each dated 2nd November, 1975 by Kendo (now in liquidation) in favour of National Westminster Bank Limited in respect of all liabilities of Headcrest, Tiersden and Securities respectively.
(iii) Agreement dated 2nd September, 1976 and made between Westwood acting by D. H. Slade the Receiver thereof (1) and Headcrest (2) under which Headcrest agreed to purchase the leasehold interest in certain property at Manchester Street, Hull, for a price of £25,000.
(iv) Agreement dated 2nd September, 1975 and made between Headcrest (1) and Wilco Heating Limited (2) under which Headcrest agreed to sell certain freehold property at Wifley Street and Manchester Street, Hull for a price of £53,000.
(v) Agreement dated 15th September, 1976 and made between Headcrest (1) and J. F. Brignall (2) under which Headcrest agreed to sell certain freehold property at Manchester Street, Hull and fixtures thereon for a total price of £40,450.
(vi) Agreement dated 19th September, 1976 and made between Kendo (in liquidation) (1) and Headcrest (2) under which Headcrest agreed to purchase the leasehold interest in the property known as Priory Works, 225 Sutton Road, Southend-on-Sea for a price of £14,400.
(vii) Agreement dated 18th September, 1976 and made between Headcrest (1) and Southend Securities Limited (2) under which Headcrest agreed to sell the freehold interest in the above property at Southend for a price of £20,000.
(viii) Agreement dated 21st December, 1976 and made between Tiersden (1) and J. H. Sutcliffe and F. R. Christie (2) under which Tiersden agreed to sell 8,000 shares of Boleton Plastics Limited for a price of £35,000.
(ix) Agreement dated 10th June, 1977 and made between Tiersden (1) and M. Goble (2) under which Tiersden agreed to sell 8,000 Ordinary shares and 9,000 'A' shares of Goble & Sothers Limited for a price of £70,000 less adjustment (not exceeding £20,000) to be made by reference to the net current liabilities of Samuel Moore Foods Limited as at 31st December, 1976. This price is payable as to £30,000 on or before 30th September, 1977 and as to the balance by quarterly instalments of £10,000 commencing 1st March, 1978.
(x) Agreement dated 22nd June, 1977 and made between Headcrest (1) and Unkenthousing (Hull) Limited (2) under which Headcrest agreed to sell 6 acres of freehold land at Sandholme, Humberside for a price of £15,000 conditionally upon vacant possession being given.

Since its incorporation and except as disclosed herein the Company has not entered into contracts (otherwise than in the ordinary course of business) which are or may be material.

8. Documents for Inspection
Copies of the following documents are available for inspection at the offices of Simmons & Simmons, 14 Dominion Street, London EC2M 2RJ during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 12th August, 1977:

- (a) The Memoranda and Articles of Association of the Company, Headcrest and Riley.
(b) The contracts referred to above or a memorandum thereof.
(c) The audited accounts of Riley for the two financial years ended 31st July, 1976 and the six months ended 31st January, 1977.
(d) The audited accounts of Headcrest for the two financial periods ended 31st January, 1977.
(e) The valuation dated 13th January, 1977 made by Messrs. Kenyon and the consent referred to above.
(f) The Report of Messrs. P. F. Pierce & Co. incorporating a statement of adjustments and the written consent of such firm referred to above.
(g) Copies of the proposed service contracts of certain Directors of the Company.
(h) A proof print (subject to modification) of the Deed Poll to constitute the convertible stock.

20th July, 1977

Index rallies 8.7 more in heavy trade Pressure on \$

BY OUR WALL STREET CORRESPONDENT

A CONTINUING flow of encouraging earnings statements together with optimistic comments to the economy by Government officials provided the springboard for a sharp and broad rally on Wall Street today in heavy trading.

The Dow Jones Industrial Average advanced 8.67 points to 919.27 and the NYSE All Common Index rose 39 cents to 553.76. While turnover expanded to \$1.94bn. shares from yesterday's figure of \$2.89bn. Advances outnumbered falls by 942 to 529.

Analysts said Wall Street's perennial fears of inflation and high interest rates have been offset somewhat recently by a stream of good second-quarter reports which, in the case of some major companies, show improvements above expectations.

Support also came from Treasury Secretary Blumenthal's statement that the outlook for the economy shows no signs of significant problems.

Among companies responding \$111 on lower first-half earnings.

to better earnings. Honeywell rose \$1 to \$34.5. St. Regis Paper \$1 to \$22. B. F. Goodrich \$1 to \$25.1 and Studebaker-Worthington \$1 to \$32.

Major bank holding companies that had better earnings included Citicorp, which rose \$1 to \$29.1. Manufacturers Hanover, \$1 better at \$39.4 and Chemical New York, \$1 harder at \$41.

Walt Disney Productions, however, after only slightly higher earnings, eased \$1 to \$37. The day's most active stock was Pan American, which advanced \$1.08 to \$24.90.

Analysts said Wall Street's perennial fears of inflation and high interest rates have been offset somewhat recently by a stream of good second-quarter reports which, in the case of some major companies, show improvements above expectations.

NEW YORK, July 19.

The U.S. dollar touched a further all-time low in terms of the West German mark in the foreign exchange market yesterday. The dollar closed at 2.363 DM, down from 2.362 DM on Monday.

The dollar's fall against the Japanese yen, which closed at 236.32 yen, compared with 236.30 yen yesterday. The dollar remained very firm in the London closing.

Trading was less active than on Monday, but the market was busier in the morning than after lunch. Comments by the German authorities that the dollar's present decline may have contributed to the Bundesbank's general recovery even though it was pointed out that the Bundesbank would only intervene to iron out sharp fluctuations.

A publication of figures showing a record trade surplus for Japan had little effect on them, and by the close the market was fairly quiet.



DEUTSCHE MARK. Exchange rate of the dollar against the West German mark, 1977.

GOLD MARKET table with columns for Gold Bullion (New York, London, etc.), Gold Options, and Foreign Exchanges. Includes prices for various gold and silver contracts.

CURRENCY RATES table listing exchange rates for various currencies including New York, London, and other international locations.

EXCHANGE CROSS-RATES table showing rates between major currencies like the Dollar, Pound, and Franc.

EURO-CURRENCY INTEREST RATES table detailing interest rates for various Euro-denominated deposits and loans.

OTHER MARKETS

Canada advance. Canadian Stock Markets were mainly higher in an active business yesterday.

NEW YORK - DOW JONES table showing stock prices for various sectors like Industrial, R. med. ind., Transport, Utilities, and Trading vol.

STANDARD AND POORS table showing stock prices for various sectors like Industrial, Composite, and Bond yield.

INDICES

NEW YORK - DOW JONES table showing stock prices for various sectors like Industrial, R. med. ind., Transport, Utilities, and Trading vol.

STANDARD AND POORS table showing stock prices for various sectors like Industrial, Composite, and Bond yield.

MONTEREAL

Table showing Montreal stock market data including various indices and stock prices.

Table showing Toronto stock market data including various indices and stock prices.

JOHANNESBURG

Table showing Johannesburg stock market data including various indices and stock prices.

FOREIGN EXCHANGES

Table showing foreign exchange rates for various currencies and locations.

CURRENCY RATES

Table showing currency rates for various international locations.

EXCHANGE CROSS-RATES

Table showing exchange cross-rates between major currencies.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various terms and currencies.

TOKYO

Table showing Tokyo stock market data including various indices and stock prices.

AUSTRALIA

Table showing Australian stock market data including various indices and stock prices.

BRUSSELS/LUXEMBOURG

Table showing Brussels/Luxembourg stock market data including various indices and stock prices.

AMSTERDAM

Table showing Amsterdam stock market data including various indices and stock prices.

COPENHAGEN

Table showing Copenhagen stock market data including various indices and stock prices.

VIENNA

Table showing Vienna stock market data including various indices and stock prices.

FORWARD RATES

Table showing forward rates for various currencies and terms.

OSLO

Table showing Oslo stock market data including various indices and stock prices.

JOHANNESBURG

Table showing Johannesburg stock market data including various indices and stock prices.

INDUSTRIALS

Table showing industrial stock market data including various indices and stock prices.

PARIS

Table showing Paris stock market data including various indices and stock prices.

SWITZERLAND

Table showing Swiss stock market data including various indices and stock prices.

MILAN

Table showing Milan stock market data including various indices and stock prices.

STOCKHOLM

Table showing Stockholm stock market data including various indices and stock prices.

OVERSEAS SHARE INFORMATION

Large table containing overseas share information for various countries including New York, Canada, Amsterdam, Copenhagen, Vienna, Tokyo, Australia, Brussels/Luxembourg, Oslo, Johannesburg, Industrials, Paris, Switzerland, Milan, and Stockholm.



Market, dealers

LA LUMPUR, July 19. MALAYSIAN mines may holding tin concentrates...

price rise is unrealistic... not enhance development...

li smelter agreed

AI Government and the Company, a subsidiary of Zinc of the U.S., have established a \$90m. zinc smelter in North Thailand.

EEC delays decision on New Zealand butter

BRUSSELS, July 19. NEW ZEALAND'S hopes of securing early EEC approval of price increases for its butter...

Big rise in grain crop forecasts

THE U.S. Department of Agriculture has increased its forecasts of world wheat and feed-grains production...

Sugar export tax plan

THE U.S. is expected to propose that a levy should be imposed on all sugar exports to finance reserve stocks in a new international sugar agreement.

Probe into potato ban 'dodgers'

THE MINISTRY of Agriculture is investigating reports that illegal imports of Belgian potatoes are being sold in the Midlands and North England...

Adequate jute crop predicted

AN ADEQUATE crop of raw jute for world needs was forecast by Mr. M. S. H. Christy, secretary to the Ministry of Jute, Bangladesh...

The bumper harvest that never was

CHINA HAS bought a record 7m. tonnes of wheat for delivery this winter...

Phoney

The situation was now seen as not quite so excellent. Public admissions that phoney statistics were cooked up in the provinces...

New moves over farm tariff talks

FOR THE first time in the drawn-out submission of offers by next week...

MODITY MARKET REPORTS AND PRICES

Table with columns for METALS, RUBBER, SOYABEAN MEAL, WHEAT & FLOUR OUTLOOK, and ZINC. Includes prices and market status.

PRICE CHANGES

Table showing price changes for various commodities like Metals, Rubber, Soyabean Meal, and Wool Futures.

U.S. Markets

Table listing U.S. market prices for various commodities such as Cocoa, Coffee, and Sugar.

AntiCommodity advertisement with logo and contact information for World Trade Centre.

Estimote Accabella advertisement for Ireland, featuring scenic views and contact details.

Table with columns for LEAD, ZINC, and SILVER, showing prices and market trends.

Table with columns for GRAINS, WHEAT, and BARLEY, detailing crop forecasts and prices.

Table with columns for WOOL FUTURES, SUGAR, and MEAT/VEGETABLES, listing prices and market activity.

COCOA advertisement with logo and contact information for Zurich.

Table with columns for SILVER, COCOA, and JUTE, showing prices and market status.

Table with columns for SUGAR, MEAT/VEGETABLES, and COTTON, listing prices and market trends.

Table with columns for WOOL FUTURES, SUGAR, and MEAT/VEGETABLES, listing prices and market activity.

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Table with columns for SUGAR, MEAT/VEGETABLES, and COTTON, listing prices and market trends.

Table with columns for WOOL FUTURES, SUGAR, and MEAT/VEGETABLES, listing prices and market activity.

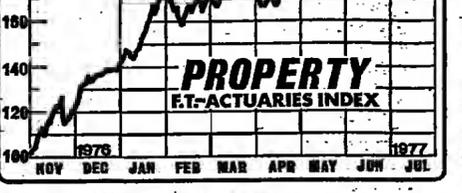
STOCK EXCHANGE REPORT

Dull trend in markets continues as buyers hold off Share index down 4.2 at 446.3—Falls of 1/2 in Gilts

Account Dealing Dates
First Declared Last Account Dealings
July 11 July 22 Aug 2 July 25 Aug 4 Aug 5 Aug 18 Aug 5 Aug 19 Aug 31

sharp reaction, but the absence of any near-covering was not an encouraging sign and might presage a more steady than the main funds and closed only only occasional losses, but Southern Rhodesian bonds were unsettled by Mr. Smith's declaration of not much hope of a successful outcome to the settlement negotiations and lost two points or so; the 21 per cent, 1965-70, issue shrank 2 1/2 to 237 1/2.

while among other foreign issues, Steel Manufacturing dipped 7 to 45p. Myson shed 2 to 56p on the official statement that no bid approach had been made to the company.



power plant contract failed to last and on consideration of the ramifications for the industry in general, the shares lost 8 to 17p after Monday's rise of 6 GBX continued to hold up relatively well and closed with a net fall of only 3 at 202p, after 200p. Other leading Electricals to lose ground included EMI, 21sp, and BICC, 11p, both 5 lower, while Plessey, 52p, shed 3, Elsewhere, Ward and Goddard, 5 down at 107p in front of the preliminary figures, held at that level after the announcement. Jones Stroud

Siebens (U.K.) jump
Leading Gilts moved with a narrow price band. British Petroleum hardened 4 to 514p, while Shell closed unaltered at 538p.

Overseas Traders were inclined easier. S and S, 20p, and 3 to 185p, while similar losses were seen in James Finlay, 28p, and Gill and Duffus, 21sp, 3p. Darby, however, resisted the trend with a rise of 4 to 131p.

FINANCIAL TIMES STOCK INDICES

Table with columns for indices: Government Securities, Fixed Interest, Industrial Ordinary, Gold Mines, etc. Values are listed for July 1977 and previous months.

HIGHS AND LOWS S.E. ACTIVITY

Table showing High and Low prices for various stocks like Govt. Sec., Fixed Int., Ind. Ord., Gold Mines, etc.

NEW HIGHS AND LOWS FOR 1977

Table listing new highs and lows for 1977 across various categories like AMERICANS, FOODS, INDUSTRIALS, etc.

OPTIONS TRADED

Table showing options traded for various stocks and companies, including DEALING DATES and RISES AND FALLS YESTERDAY.

ENTERTAINMENT GUIDE

Opera & Ballet, Theatres, Recent Issues, Fixed Interest Stocks, Rights Offers, Active Stocks. Includes listings for various theatrical productions and their venues.

RECENT ISSUES

Table listing recent issues of stocks, including company names and issue details.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for stock name, price, and other details.

RIGHTS OFFERS

Table listing rights offers for various companies, including the company name and offer details.

ACTIVE STOCKS

Table listing active stocks with columns for stock name, price, and change.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

Table showing equity groups and sub-sections with columns for index number, price, and other metrics.

FIXED INTEREST PRICE INDICES

Table showing fixed interest price indices for British Government and other categories.

FIXED INTEREST YIELDS

Table showing fixed interest yields for various terms and rates.

AUTHOR

LENDING RATES

Various small text notices and advertisements on the right margin.

Financial Times Wednesday July 20, 1977

OFFSHORE AND OVERSEAS FUNDS

Table of financial data for various trusts and funds, including columns for company names, share prices, and performance metrics.

Table of financial data for offshore and overseas funds, listing fund names, managers, and investment details.

BASE LENDING RATES table showing interest rates for various banks and financial institutions.

Table of financial data for various trusts and funds, including company names and share prices.

Table of financial data for insurance, property, and bonds, listing various financial products and their details.

Advertisement for JALAND WEST DIAMOND MINING COMPANY, including a declaration of dividends and company information.

Advertisement for CLIVE INVESTMENTS LIMITED, featuring a table of insurance base rates and contact information.

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privately owned businesses
& companies

VALUERS-LICENSED DEALERS

FT SHARE INFORMATION SERVICE

INDUSTRIALS (Miscel.)

BRITISH FUNDS

High	Low	Stock	Price	Chg	Yield
101.2	99.8	Treasury 100% 77/78	100.0	-1.2	7.50
101.1	99.7	Treasury 100% 78/79	100.0	-1.2	7.50
101.0	99.6	Treasury 100% 79/80	100.0	-1.2	7.50
100.9	99.5	Treasury 100% 80/81	100.0	-1.2	7.50
100.8	99.4	Treasury 100% 81/82	100.0	-1.2	7.50
100.7	99.3	Treasury 100% 82/83	100.0	-1.2	7.50
100.6	99.2	Treasury 100% 83/84	100.0	-1.2	7.50
100.5	99.1	Treasury 100% 84/85	100.0	-1.2	7.50
100.4	99.0	Treasury 100% 85/86	100.0	-1.2	7.50
100.3	98.9	Treasury 100% 86/87	100.0	-1.2	7.50
100.2	98.8	Treasury 100% 87/88	100.0	-1.2	7.50
100.1	98.7	Treasury 100% 88/89	100.0	-1.2	7.50
100.0	98.6	Treasury 100% 89/90	100.0	-1.2	7.50
99.9	98.5	Treasury 100% 90/91	100.0	-1.2	7.50
99.8	98.4	Treasury 100% 91/92	100.0	-1.2	7.50
99.7	98.3	Treasury 100% 92/93	100.0	-1.2	7.50
99.6	98.2	Treasury 100% 93/94	100.0	-1.2	7.50
99.5	98.1	Treasury 100% 94/95	100.0	-1.2	7.50
99.4	98.0	Treasury 100% 95/96	100.0	-1.2	7.50
99.3	97.9	Treasury 100% 96/97	100.0	-1.2	7.50
99.2	97.8	Treasury 100% 97/98	100.0	-1.2	7.50
99.1	97.7	Treasury 100% 98/99	100.0	-1.2	7.50
99.0	97.6	Treasury 100% 99/00	100.0	-1.2	7.50
98.9	97.5	Treasury 100% 00/01	100.0	-1.2	7.50
98.8	97.4	Treasury 100% 01/02	100.0	-1.2	7.50
98.7	97.3	Treasury 100% 02/03	100.0	-1.2	7.50
98.6	97.2	Treasury 100% 03/04	100.0	-1.2	7.50
98.5	97.1	Treasury 100% 04/05	100.0	-1.2	7.50
98.4	97.0	Treasury 100% 05/06	100.0	-1.2	7.50
98.3	96.9	Treasury 100% 06/07	100.0	-1.2	7.50
98.2	96.8	Treasury 100% 07/08	100.0	-1.2	7.50
98.1	96.7	Treasury 100% 08/09	100.0	-1.2	7.50
98.0	96.6	Treasury 100% 09/10	100.0	-1.2	7.50
97.9	96.5	Treasury 100% 10/11	100.0	-1.2	7.50
97.8	96.4	Treasury 100% 11/12	100.0	-1.2	7.50
97.7	96.3	Treasury 100% 12/13	100.0	-1.2	7.50
97.6	96.2	Treasury 100% 13/14	100.0	-1.2	7.50
97.5	96.1	Treasury 100% 14/15	100.0	-1.2	7.50
97.4	96.0	Treasury 100% 15/16	100.0	-1.2	7.50
97.3	95.9	Treasury 100% 16/17	100.0	-1.2	7.50
97.2	95.8	Treasury 100% 17/18	100.0	-1.2	7.50
97.1	95.7	Treasury 100% 18/19	100.0	-1.2	7.50
97.0	95.6	Treasury 100% 19/20	100.0	-1.2	7.50
96.9	95.5	Treasury 100% 20/21	100.0	-1.2	7.50
96.8	95.4	Treasury 100% 21/22	100.0	-1.2	7.50
96.7	95.3	Treasury 100% 22/23	100.0	-1.2	7.50
96.6	95.2	Treasury 100% 23/24	100.0	-1.2	7.50
96.5	95.1	Treasury 100% 24/25	100.0	-1.2	7.50
96.4	95.0	Treasury 100% 25/26	100.0	-1.2	7.50
96.3	94.9	Treasury 100% 26/27	100.0	-1.2	7.50
96.2	94.8	Treasury 100% 27/28	100.0	-1.2	7.50
96.1	94.7	Treasury 100% 28/29	100.0	-1.2	7.50
96.0	94.6	Treasury 100% 29/30	100.0	-1.2	7.50
95.9	94.5	Treasury 100% 30/31	100.0	-1.2	7.50
95.8	94.4	Treasury 100% 31/32	100.0	-1.2	7.50
95.7	94.3	Treasury 100% 32/33	100.0	-1.2	7.50
95.6	94.2	Treasury 100% 33/34	100.0	-1.2	7.50
95.5	94.1	Treasury 100% 34/35	100.0	-1.2	7.50
95.4	94.0	Treasury 100% 35/36	100.0	-1.2	7.50
95.3	93.9	Treasury 100% 36/37	100.0	-1.2	7.50
95.2	93.8	Treasury 100% 37/38	100.0	-1.2	7.50
95.1	93.7	Treasury 100% 38/39	100.0	-1.2	7.50
95.0	93.6	Treasury 100% 39/40	100.0	-1.2	7.50
94.9	93.5	Treasury 100% 40/41	100.0	-1.2	7.50
94.8	93.4	Treasury 100% 41/42	100.0	-1.2	7.50
94.7	93.3	Treasury 100% 42/43	100.0	-1.2	7.50
94.6	93.2	Treasury 100% 43/44	100.0	-1.2	7.50
94.5	93.1	Treasury 100% 44/45	100.0	-1.2	7.50
94.4	93.0	Treasury 100% 45/46	100.0	-1.2	7.50
94.3	92.9	Treasury 100% 46/47	100.0	-1.2	7.50
94.2	92.8	Treasury 100% 47/48	100.0	-1.2	7.50
94.1	92.7	Treasury 100% 48/49	100.0	-1.2	7.50
94.0	92.6	Treasury 100% 49/50	100.0	-1.2	7.50
93.9	92.5	Treasury 100% 50/51	100.0	-1.2	7.50
93.8	92.4	Treasury 100% 51/52	100.0	-1.2	7.50
93.7	92.3	Treasury 100% 52/53	100.0	-1.2	7.50
93.6	92.2	Treasury 100% 53/54	100.0	-1.2	7.50
93.5	92.1	Treasury 100% 54/55	100.0	-1.2	7.50
93.4	92.0	Treasury 100% 55/56	100.0	-1.2	7.50
93.3	91.9	Treasury 100% 56/57	100.0	-1.2	7.50
93.2	91.8	Treasury 100% 57/58	100.0	-1.2	7.50
93.1	91.7	Treasury 100% 58/59	100.0	-1.2	7.50
93.0	91.6	Treasury 100% 59/60	100.0	-1.2	7.50
92.9	91.5	Treasury 100% 60/61	100.0	-1.2	7.50
92.8	91.4	Treasury 100% 61/62	100.0	-1.2	7.50
92.7	91.3	Treasury 100% 62/63	100.0	-1.2	7.50
92.6	91.2	Treasury 100% 63/64	100.0	-1.2	7.50
92.5	91.1	Treasury 100% 64/65	100.0	-1.2	7.50
92.4	91.0	Treasury 100% 65/66	100.0	-1.2	7.50
92.3	90.9	Treasury 100% 66/67	100.0	-1.2	7.50
92.2	90.8	Treasury 100% 67/68	100.0	-1.2	7.50
92.1	90.7	Treasury 100% 68/69	100.0	-1.2	7.50
92.0	90.6	Treasury 100% 69/70	100.0	-1.2	7.50
91.9	90.5	Treasury 100% 70/71	100.0	-1.2	7.50
91.8	90.4	Treasury 100% 71/72	100.0	-1.2	7.50
91.7	90.3	Treasury 100% 72/73	100.0	-1.2	7.50
91.6	90.2	Treasury 100% 73/74	100.0	-1.2	7.50
91.5	90.1	Treasury 100% 74/75	100.0	-1.2	7.50
91.4	90.0	Treasury 100% 75/76	100.0	-1.2	7.50
91.3	89.9	Treasury 100% 76/77	100.0	-1.2	7.50
91.2	89.8	Treasury 100% 77/78	100.0	-1.2	7.50
91.1	89.7	Treasury 100% 78/79	100.0	-1.2	7.50
91.0	89.6	Treasury 100% 79/80	100.0	-1.2	7.50
90.9	89.5	Treasury 100% 80/81	100.0	-1.2	7.50
90.8	89.4	Treasury 100% 81/82	100.0	-1.2	7.50
90.7	89.3	Treasury 100% 82/83	100.0	-1.2	7.50
90.6	89.2	Treasury 100% 83/84	100.0	-1.2	7.50
90.5	89.1	Treasury 100% 84/85	100.0	-1.2	7.50
90.4	89.0	Treasury 100% 85/86	100.0	-1.2	7.50
90.3	88.9	Treasury 100% 86/87	100.0	-1.2	7.50
90.2	88.8	Treasury 100% 87/88	100.0	-1.2	7.50
90.1	88.7	Treasury 100% 88/89	100.0	-1.2	7.50
90.0	88.6	Treasury 100% 89/90	100.0	-1.2	7.50
89.9	88.5	Treasury 100% 90/91	100.0	-1.2	7.50
89.8	88.4	Treasury 100% 91/92	100.0	-1.2	7.50
89.7	88.3	Treasury 100% 92/93	100.0	-1.2	7.50
89.6	88.2	Treasury 100% 93/94	100.0	-1.2	7.50
89.5	88.1	Treasury 100% 94/95	100.0	-1.2	7.50
89.4	88.0	Treasury 100% 95/96	100.0	-1.2	7.50
89.3	87.9	Treasury 100% 96/97	100.0	-1.2	7.50
89.2	87.8	Treasury 100% 97/98	100.0	-1.2	7.50
89.1	87.7	Treasury 100% 98/99	100.0	-1.2	7.50
89.0	87.6	Treasury 100% 99/00	100.0	-1.2	7.50
88.9	87.5	Treasury 100% 00/01	100.0	-1.2	7.50
88.8	87.4	Treasury 100% 01/02	100.0	-1.2	7.50
88.7	87.3	Treasury 100% 02/03	100.0	-1.2	7.50
88.6	87.2	Treasury 100% 03/04	100.0	-1.2	7.50
88.5	87.1	Treasury 100% 04/05	100.0	-1.2	7.50
88.4	87.0	Treasury 100% 05/06	100.0	-1.2	7.50
88.3	86.9	Treasury 100% 06/07	100.0	-1.2	7.50
88.2	86.8	Treasury 100% 07/08	100.0	-1.2	7.50
88.1	86.7	Treasury 100% 08/09	100.0	-1.2	7.50
88.0	86.6	Treasury 100% 09/10	100.0	-1.2	7.50
87.9	86.5	Treasury 100% 10/11	100.0	-1.2	7.50
87.8	86.4	Treasury 100% 11/12	100.0	-1.2	7.50
87.7	86.3	Treasury 100% 12/13	100.0	-1.2	7.50
87.6	86.2	Treasury 100% 13/14	100.0	-1.2	7.50
87.5	86.1	Treasury 100% 14/15	100.0	-1.2	7.50
87.4	86.0	Treasury 100% 15/16	100.0	-1.2	7.50
87.3	85.9	Treasury 100% 16/17	100.0	-1.2	7.50
87.2	85.8	Treasury 100% 17/18	100.0	-1.2	7.50
87.1	85.7	Treasury 100% 18/19	100.0	-1.2	7.50
87.0	85.6	Treasury 100% 19/20	100.0	-1.2	7.50
86.9	85.5	Treasury 100% 20/21	100.0	-1.2	7.50
86.8	85.4	Treasury 100% 21/22	100.0	-1.2	7.50
86.7	85.3	Treasury 100% 22/23	100.0	-1.2	7.50
86.6	85.2	Treasury 100% 23/24	100.0	-1.2	7.50
86.5	85.1	Treasury 100% 24/25	100.0	-1.2	7.50
86.4	85.0	Treasury 100% 25/26	100.0	-1.2	7.50
86.3	84.9	Treasury 100% 26/27	100.0	-1.2	7.50
86.2	84.8	Treasury 100% 27/28	100.0	-1.2	7.50
86.1	84.7	Treasury 100% 28/29	100.0	-1.2	7.50
86.0	84.6	Treasury 100% 29/30	100.0	-1.2	7.50
85.9	84.5	Treasury 100% 30/31	100.0	-1.2	7.50
85.8	84.4	Treasury 100% 31/32	100.0	-1.2	7.50
85.7	84.3	Treasury 100% 32/33	100.0	-1.2	7.50
85.6	84.2	Treasury 100% 33/34	100.0	-1.2	7.50
85.5	84.1</				

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Britain rejects accusations of 'abusing EEC power'

BY REGINALD DALE, EUROPEAN EDITOR

THE GOVERNMENT strongly defended itself yesterday against charges that it used Britain's six-month EEC Presidency to press national interests to the detriment of other Community members.

Allegations that Britain's Ministers abused the chair's prerogative were made frequently by other countries, and particularly by West Germany, in the first half of the year. Yesterday's White Paper on EEC developments during the British Presidency acknowledged that "there has been some criticism of our Presidency for lack of restraint" in pressing British interests.

Daily conduct
It added, however, that the Government was guided in the conduct of day-to-day business by the view that the Community could develop only by serving the interests of all its members. British spokesmen have therefore continued to pursue their national interests in a manner consistent with those of the Community as a whole," it stated.

The White Paper said disagreements were inevitable where the interests of member states did not coincide. "We have sought to exercise our Presidential responsibility, both to find an equitable balance of advantage and to concentrate attention on areas of common interest of benefit to all."

The Government readily admitted that many problems remained to be solved, particularly those involving revision of the common fisheries policy and operation of the Common Agricultural Policy.

While accepting that this year's farm price fixing was "contentious," the White Paper maintained that it marked progress towards a better balance of interest between producers and consumers "which is held by many to be in the long-term interests of the Community."

Foreign relations issues on which good progress was made included the Greek entry negotiations, preparations for Portugal's membership request, and trade relations with the Mediterranean countries, Eastern Europe, Latin America and the Far East.

Belgrade review
Foreign policy co-operation was developed and strengthened during the British Presidency, particularly with regard to the Belgrade review of the conference on security and co-operation in Europe, Rhodesia, Cyprus, the Middle East and the United Nations.

In the economic and financial field, Britain had been responsible for urging forward important work programmes on growth, inflation and employment, the White Paper stressed. It recalled that in joining the Community, Britain subscribed to the aims of the Treaty of

Rome and the obligations of membership, and said: "We have contributed to the Community's aim of ensuring the economic and social progress of its members by common action to eliminate the barriers which divide Europe."

"We have pursued the objective of improving the living and working conditions of her people by action to promote economic growth and convergence among national economies and by removing restrictions on trade. We have sought to strengthen peace and liberty."

The close of our Presidency marked the end of our transition to full membership of the Community and the virtual completion of a customs union covering what is in effect the largest single market in the world," the White Paper concluded.

New body to run power industry

BY IAN HARGREAVES

THE GOVERNMENT is to set up a new central body to run the electricity industry in England and Wales in a reorganisation broadly along the lines recommended by the Plowden Committee in January last year.

The Central Electricity Generating Board and the Electricity Council are to be scrapped, but some form of area electricity Board network will be retained. In addition, there will be a new electricity consumers' council with a paid chairman and full-time secretariat.

Mr. Anthony Wedgwood Benn, the Energy Secretary, told the Commons yesterday that he would introduce a Bill to make this fundamental change "in due course." But the Bill would not go on to prescribe the industry's internal organisation.

Rather it would allow this and successive Governments to make changes in internal structure after consultation with the new central authority.

Mr. Wedgwood Benn said his own initial statutory instrument would set up a Board for generation to take over the functions of the CEBG and Boards for local distribution.

Those local Boards would operate in the same areas as the present area Boards and have roughly the same powers, "although the capital and revenue budgets and tariff proposals of each Board would be subject to approval by the new central body as part of an overall industry plan."

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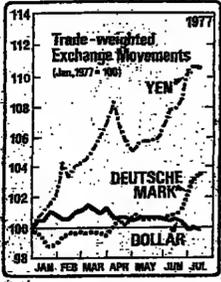
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Financial vacuum at British Steel

THE LEX COLUMN

British Steel's accounts put the final nail in its forecast that half its enormous capital spending programme could be funded internally. Its net capital employed currently stands at just over £3bn, and this figure is scheduled to rise by £4bn to £5bn over the next five years.

Index fell 4.2 to 446.3



British Steel's accounts put the final nail in its forecast that half its enormous capital spending programme could be funded internally. Its net capital employed currently stands at just over £3bn, and this figure is scheduled to rise by £4bn to £5bn over the next five years.

There is likely to be a further cash flow deficit this year. So there is an urgent need to reassess British Steel's capital structure and the financial variances by which its performance is to be judged.

The ratio of public dividend capital to debt set in 1972-55:45 has already been well behind, and the gearing is bound to rise substantially in the next few years. The auditors note that their report has been based on the assumption that the Corporation will be allowed to increase its borrowings limits by a third to £4bn.

In 1972 the Corporation was set the statutory financial objective of earning an average return of 8 per cent on capital employed in the four years ending 1976-77: it actually achieved an average of just over 4 per cent. This kind of discipline is plainly meaningless, and so is any other target which is based on the profit and loss account.

With £875m. of fully depreciated assets still in use, the depreciation charge is understated by about £150m. And a further £125m. would have been required last year to meet the replacement cost of stock sold.

In addition, British Steel has been obliged for social reasons to keep open redundant plant at an annual cost of £65m.

Playing around with the public dividend capital would have a cosmetic effect, since the annual interest cost on plant under construction is already as high as £55m. But what might be some kind of extended cash flow guidelines—a five-year cash limit?

The Committee of Inquiry into the structure of the electricity supply industry under Lord Plowden, which reported in December 1974, was the second investigation within 10 years into an industry which, it was felt, was suffering from cumbersome central decision-making.

In his somewhat belated response to the Plowden Report, Mr. Wedgwood Benn has taken great care to sidestep the difference of view over worker participation between himself and the Trades Union Congress on one hand and Plowden, the industry and the electricity unions on the other.

The latter group is strongly opposed to a 50-50 union representation on the Board and Mr. Wedgwood Benn's order will simply lay on the new authority the "duty to promote" industrial democracy.

It has been estimated that fewer than 200 managers within the CEBG and the Electricity Council will be affected by the Plowden plan, although a decision will have to be taken on who will head the new authority.

The job will almost certainly go to Mr. Frank Tombs, present chairman of the Electricity Council, with Mr. Glyn England, the CEBG chairman, as his deputy.

Mr. Tom King, the Opposition energy spokesman, described Mr. Wedgwood Benn's approach as "the worst possible line." It would fail to ensure either vigorous competitive area boards or a more efficient central body and would mean electricity prices going up by 10 per cent in real terms.

Editorial comment, Page 14

Carter and Begin urge new Geneva peace talks

By David Bell

WASHINGTON, July 19. PRESIDENT CARTER and Mr. Menachem Begin, the Israeli Prime Minister, agreed today that all sides in the Middle East should move rapidly towards the reconvening of the Geneva peace conference later this year.

After their first two hours of talks — following an effusive welcome from the Israeli Prime Minister from Mr. Carter — Mr. Jody Powell, the President's Press Secretary, said that the two sides had concentrated on the "importance of moving towards Geneva and the procedure by which we might get to Geneva."

He described the talks as "very frank but extremely friendly," but, in an oblique reference to the current strained relations between the two countries, he noted that it was "inevitable" that the two sides had had some "total agreement" on 100 per cent. of everything involved.

A White House statement issued after the meeting placed considerable emphasis on the need to reconvene the Geneva conference, prompting speculation that the Administration may have decided to devote its energies to convening a new peace conference.

Mr. Powell declined to describe Mr. Begin's proposals as an Israeli peace plan as they had been described before the meeting. But he said the President had found them "both forward looking and worthy of consideration." The Prime Minister is to outline them at a news conference tomorrow.

The U.S. participants in the talks who included Vice-President Walter Mondale and Dr. Zbigniew Brzezinski, the President's National Security Adviser, once again spoke of three "key elements" for an overall settlement.

Mr. Powell said these were "secure and recognised boundaries," a lasting peace between Israel and its neighbours; and "the Palestinian issue." Both sides agreed that UN resolutions 242 and 338 should form the basis for negotiations.

Mr. Powell would not be drawn on whether Mr. Begin had made any concessions on any of these elements, in particular on the issue of the Palestinians.

The State Department confirmed this afternoon that Mr. William Seranton, former U.S. Ambassador to the UN, met a senior member of the Palestine Liberation Organisation (PLO) in London recently. But it said that he had done so "as a private citizen" and had carried no U.S. message to the PLO although he would be informing the State Department of his impressions of the conversation.

Cassette plant

A FOUR-ACRE site at Watlington, Briggflats, Glam., has been allocated to CES (U.K.) to build a £1m. tape cassette component plant. Mr. John Morris, Secretary for Wales, said yesterday. Work on the factory, which initially will employ 50, will begin shortly.

Pay rises up to 30% agreed by Longman

BY NICK GARNETT, LABOUR STAFF

A PAY DEAL for more than 700 staff which could mean rises of up to 30 per cent. has been agreed between Longman book publishers and Clive Jenkins' Association of Scientific, Technical and Managerial Staffs.

The union is understood to want the increases paid from August 1, seven months after a Phase Two settlement but the company said yesterday that no decision had been reached on a starting date.

Mr. Adrian Beckett, joint vice-chairman of Longman Holdings, parent company, said it had made it plain to the union that implementation must be subject to government pay guidelines or incomes policy as well as to the company's trading position.

However, "certain adjustments" in the pay of some individuals might be made "fairly soon."

Although there was a feeling in the company that the 12-month rule on pay rises ought to be adhered to, there might be justification in rectifying "certain anomalies" within the 12-month period. It would depend on any representations the union made.

Evaluation
The new salary structure follows a job evaluation exercise started in 1973 and finished last year. Mr. Beckett said that in the new structure, completed last month, some individuals might receive salary rises of 30 per cent. but under no circumstances would this mean an increase of £3,000, as the union claimed.

The company also said that rises of that level, if there were any, would not be "across the board."

The new structure relates individual salaries to years of service and job performance. The company—part of the Pearson Longman group, the immediate parent company of

Westminster Press and the Financial Times—said that in some individual cases "correction of anomalies may involve substantial percentage increases in salary."

The union claims that, for example, tea women's pay would rise to £2,640 and senior managers to £18,000 a year.

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Consultants call day's strike

BY DAVID CHURCHILL, LABOUR STAFF

DOCTORS' bitterness over declining pay differentials erupted yesterday when senior hospital consultants decided to call a one-day national strike of their 13,000 members in the autumn.

The strike, which would be joined by junior hospital doctors as well as general practitioners, will severely hamper hospital activities such as routine operations if it goes ahead as planned, but emergencies would be covered.

The consultants' strike call, taken at their annual conference in Glasgow, was immediately condemned as "deplorable and pointless" by Mr. David Ennals, Social Services Secretary.

"This strike will do nothing to improve the pay of doctors," he said, "and is totally unnecessary as a demonstration of anger because the Government is already aware of the strong feelings over pay felt by many doctors," he said.

Mr. Powell would not be drawn on whether Mr. Begin had made any concessions on any of these elements, in particular on the issue of the Palestinians.

The State Department confirmed this afternoon that Mr. William Seranton, former U.S. Ambassador to the UN, met a senior member of the Palestine Liberation Organisation (PLO) in London recently. But it said that he had done so "as a private citizen" and had carried no U.S. message to the PLO although he would be informing the State Department of his impressions of the conversation.

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He reassured the Government's firm intention that the doctors could have no further pay rise until next April, 12 months after their Phase Two settlement of 54.

But the consultants, who decided overwhelmingly to "oppose the extension of pay policy proposed by the Government," are likely to join 23,000 general practitioners in submitting an interim claim for 13 per cent. more next month with the review body which determines their pay.

This claim would give full-time hospital consultants about £30 a week more on salaries ranging from £7,750 to £10,000. But delegates representing 19,000 junior hospital doctors, also meeting in Glasgow, voted to scrap the review body mechanism for determining pay and instead negotiate directly with the Department of Health.

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They also decided to support the consultants in any industrial action they took.

The consultants' decision to take industrial action came as a surprise because traditionally they have been less militant than their junior doctor colleagues. Their decision follows fears that public sector workers will bear the brunt of Government attempts to keep the rise in average earnings down to 10 per cent. over the next year.

Dr. Tony Graham, chairman of the central committee for hospital medical services, warned delegates that strong-arm unions would get the bulk of any rises available.

Those who would suffer, he said, were "the weakest workers and those of us who are imprisoned by a strong social conscience such as nurses, teachers, other health service workers, the armed forces and police."

The tough line taken by the consultants, junior doctors and general practitioners will set the tone for the British Medical Association's first conference which opens in Glasgow today.

One of the first items for debate will be whether the Association should affiliate to the TUC to give it more effective strength. The main debate on pay will be on Friday.

Weather

U.K. TO-DAY
London, S.E. Cent. S. England Sunny periods, scattered showers drying out. Wind W, moderate. Max. 20C (68F).

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